

PEOPLE with African Romance... Autos Tax Free... Hotels... Education... Classifieds

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New Ban On Press In Russia

Decision Outlaws Co-ops to Protect State Monopoly

By Bill Keller. MOSCOW—Soviet authorities, in an effort to protect the state monopoly on books, magazines and newspapers, have ordered a halt to the creation of independent publishing and printing cooperatives.

The decision has cut short moves in several Soviet cities to establish legal but independent publishing houses that would bring out limited editions of works not accepted by the state publishing committee.

The instructions were issued Oct. 23 by the Council of Ministers, the main government administrative body, but have not been published in the official press. A copy of the order was obtained by an unofficial magazine called Glasnost.

It is completely unacceptable that in a number of cities and other population centers cooperatives are being created for the showing of video films, says the order, signed by Prime Minister Nikolai L. Ryzhkov.

Creation of such cooperatives contradicts decisions of the party and the government on this matter, it said.

The Foreign Ministry spokesman, Gennadi I. Gerasimov, after checking with the state committee for publishing houses and printing plants, known as Goskizdat, confirmed Tuesday that the government had decided not to allow publishing cooperatives.

Mr. Gerasimov said Goskizdat had decided instead to establish a state press, allowing authors of fiction to have their works published by the state at their own expense.



School boys in Gaza City passing Israeli soldiers Tuesday in the occupied Gaza Strip. On the West Bank, schools were ordered closed.

Israel Orders West Bank Schools Closed

By Francis X. Clines. JERUSALEM—The Israeli authorities ordered the closure Tuesday of a number of Palestinian schools and universities on the occupied West Bank, a day after an attempt to reopen them failed because of continuing unrest.

As Palestinian street protests neared the two-month mark, Israeli officials predicted a long confrontation. They said they were prepared to keep large military contingents near the West Bank.

Defense Minister Yitzhak Rabin estimated that the unrest could continue for months.

A majority of the Arab population sympathizes with the policy of violent confrontation and feels that the national aspirations of the Palestinian Arabs are advanced in world opinion by the sight of unarmed civilians facing armed soldiers, he told Knesset members Tuesday.

The goal, Mr. Shultz said, was to bring about "a sharp change in the nature of life on the West Bank and Gaza so far as the ability of the residents to have a greater sense of political control."

Before dealing substantively with the proposal, Israeli officials are awaiting the results of the attempt by U.S. diplomats to enlist the interest of officials in Jordan.

SEC Study Opposes Stock Swing Limits

WASHINGTON—The Securities and Exchange Commission, in its report on the October stock market collapse, said Tuesday that it opposed broad price limits on stocks traded on U.S. exchanges.

The regulatory body for the U.S. securities industry also said that computerized trading strategies, some firms, though not the biggest, are stopping program trading for their own accounts.

often blamed for October's crisis, were not solely responsible for the plunge, but "had an indirect negative effect" on the market.

The 900-page analysis of the Oct. 19 collapse reached many of the same conclusions that a presidential task force formulated a month ago. Unlike that panel, however, the SEC did not call for a new agency to oversee all financial markets.

Nicholas F. Brady, the head of the presidential commission, said Tuesday in a statement delivered to the Senate Banking Committee that the Federal Reserve Board, the U.S. central bank, must play an active role in overseeing American financial markets and drawing up uniform trading guidelines.

But Alan Greenspan, chairman of the Federal Reserve, told the committee that the Fed does not favor becoming a super-regulator with responsibilities for coordinating the Securities and Exchange Commission and the Commodity Futures Trading Commission.

Indicators Fall 0.2% In U.S.

WASHINGTON—The U.S. index of leading economic indicators fell 0.2 percent in December from November for the third consecutive month, the government said Tuesday.

Analysts said that the downturn was consistent with forecasts of flagging economic growth. However, economists were not alarmed by the three-month dip in the Commerce Department's composite index because, they said, the index does not properly measure some of the strongest segments of the economy.

In other developments, the Commerce Department said Tuesday that sales of new single-family homes in the northeastern United States pushed down nationwide sales by 6.2 percent in December, and several major U.S. banks lowered their prime lending rates by a quarter percentage point, to 8.5 percent.

These factors combined to buoy bond and stock prices in afternoon trading on Wall Street, but weighed on the dollar, which closed lower in Europe and in New York (Pages 8, 13).

Economists noted that while the leading index has fallen for three months, the December and October declines were small and could well be revised upward in coming months as new data become available.

Meanwhile, political experts said that the December report could be a bad omen for Republican prospects of winning the November elections.

"A recession is the best indication a Democrat will be elected, and prosperity is the best indication a Republican will be elected," said Stephen Hess, a Brookings Institution analyst.

The drop in the December composite index followed revised declines of 1.2 percent in November and 0.1 percent in October. Originally, the department's Bureau of Economic Analysis reported a 1.7 percent decline in November and a 0.2 percent increase in October.

Since World War II, every recession has been preceded by at least three consecutive declines in the index. But on four occasions, a three-month fall was followed by a substantial slowdown—but no recession.

Norman Robertson, chief economist of Mellon Bank in Pittsburgh, cautioned that recession in 1988 is far from certain.

"One has to remember the decline in November was very heavily weighted by the stock market crash," he said. "Most of the other declines were small, not of a magnitude that would imply we are heading for a heavy downturn in economic activity."

Beryl W. Sprinkel, chairman of the Council of Economic Advisors, said the decline in the leading economic indicators reflects a slowing in the U.S. growth rate. "We interpret this as being a reflection of a reduced rate of growth, so it was See INDICATORS, Page 13

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Mr. Greenspan blamed the stock collapse primarily on excessively high share prices that were not warranted by market conditions.

The SEC report did call for a study of increased margins, or down payments, for buying stock-index futures, and it proposed the creation of a special trading station for the buying and selling of stock-index contracts. But it did not propose a specific margin requirement for index trades.



Nicholas F. Brady

It said that setting limits on how much stock prices could rise or fall on a single day would be "somewhat self-defeating."

The report was indirectly critical of computerized trading strategies, which involve the simultaneous buying and selling of stocks and stock-index futures. The existence of such programs and their impact on stock prices tended to discourage many individuals and institutions from buying stocks themselves, the commission said.

These programs, which involve the Chicago futures market and the New York stock exchanges, can cause wide, sudden fluctuations in stock prices based on perceptions of a stock's worth at a future date.

The SEC did not condemn such strategies, but suggested changes, including an end to the practice under which sales of index futures may begin earlier in the day than trading in the stock itself.

Overall, the SEC said, "changes in investor perception, institutional See SEC, Page 13



HOSTAGE-TAKING IN ALABAMA—An unidentified man being escorted by police from a private school in Tuscaloosa, Alabama, where two gunmen complaining of the plight of homeless people took two teachers and at least 60 children hostage Tuesday. The police said a gunman later surrendered and more than 15 hostages were released. World Briefs, Page 2.

French Agent Is Killed By Gunmen in Beirut

By Nora Boustany. BEIRUT—Gunmen killed an officer of the French secret service Tuesday in Christian-controlled East Beirut and took a file he was carrying containing classified information, security and militia sources said.

He was the third Frenchman to be assassinated in little more than three months in East Beirut, an area policed by the Lebanese Army and Christian militias.

The victim, Jacques Merrin, 27, had been traveling on a passport made out in the name of Mourat and representing himself as a sales man for an electronics company. He was deputy chief of the Lebanese desk in the French secret service, the General Directorate for External Security, known commonly by its French initials, DGSE.

When he was shot, he had just left an hour-long meeting with top officials at the Sûreté Générale, the Lebanese security police.

Merrin as a security official at the French Embassy. He often consulted with Lebanese experts on security measures.

No one claimed responsibility for the killing. Mr. Merrin was the fourth Frenchman to be shot to death in the Beirut area since Oct. 29, when two embassy guards were assassinated and a third critically wounded while shopping. On Nov. 11, a French engineer, Richard Gimpel, was shot as he drove along a coastal highway north of Beirut and died several days later.

Hostage Keeps Children. A French hostage, Jacqueline Valente, said in a videotape released Tuesday by her Palestinian captors that she has refused to let her two daughters join their father in France, The Associated Press reported from Beirut.

The girls, Virginia Betille, 5, and Marie-Laure Betille, 6, are in good health. Ms. Valente said. Their father, Pascal Betille, is separated from Ms. Valente. Ms. Valente, 30, and her daughters are held by guerrillas of the Abu Nidal group, the Fatah Revolutionary Council. The group, which also holds five Belgians, said in November that it had seized the eight hostages aboard a French boat off the coast of the Israeli-occupied Gaza Strip.

In Ancient Iraqi Town, Seeds of Modern Conflict

By Alan Cowell. NAIJAF, Iraq—Some of Islam's holiest and most ancient shrines are here, in this small town in Iraq. And the seeds of modern conflict were planted here, too, to spread across Iraq and much of the Arab world.

Here, for 14 years before revolution seized Iraq, Ayatollah Ruhollah Khomeini lived and pondered in exile, honing the bellicose theology that suffused his drive to oust first Shah Mohammed Reza Pahlavi and now the secular leadership in Baghdad that once gave him sanctuary but in 1978 expelled him.

Here, too, the Shiite Muslims who form a majority of Iraq's 15 million people come to bury those who will fight no more—soldiers for whom the seven-year war has yielded brief status as martyrs to the cause of the regime's survival.

Each day, even when no major offensive is under way, the coffins arrive, two or three each hour. They are offered for prayer and then the dead, still clad in the uniforms in which they fell, are buried at Najaf's cemetery, reputedly among the largest in the world.

Najaf and Karbala, 50 miles (80 kilometers) to the north, also highlight, in the splendor of their shrines, the delicate and complex relationship between Shiite Islam and the leadership of President Saddam Hussein. The regime is composed largely of people who, like the president himself, have a Sunni Muslim heritage and a secular ideology.

The towns, with their domes and minarets ablaze with gold beyond most dreams, are particularly sacred to Shiites, for whom they rank only after Mecca and Medina as the most venerated in their faith.

In Najaf is the tomb of Imam Ali, son-in-law of the prophet Mohammed, whose death in the seventh century led to the great schism between Sunni and Shiite, while the shrines of his sons offer near-equal splendor in Karbala.

All three shrines, covered in intricate tile of blues and yellows, are designed as mosques surrounded by walled courtyards, whose doors the faithful kiss and adorn with tufts of their clothing.

Virtually all of Iran's 45 million people and more than half of Iraq's people are Shiites. So, after the Islamic Revolution of 1979, and the Iraqi invasion of Iran, Ayatollah Khomeini calculated that a common faith would bind the Arab Shiites of Iraq and the Persian Shiites of Iran together to overthrow the Baghdad regime.

Ayatollah Khomeini had never traveled outside Najaf, and was unfamiliar with conditions elsewhere in Iraq. In response to his call, riots erupted in Najaf, in Karbala and in parts of Baghdad, but they were crushed with the ruthlessness that marks the regime, and a leading Shiite clergyman was executed.

Since then, the call to Iraq's Shiites to support Iran has failed to erode the will of Baghdad's army, whose men are mostly Shiite.

"If this war has thus far proved anything," said a Western diplomat in Baghdad, "it is that nationalism is stronger than religion."

Still, Mr. Hussein has moved cautiously toward his land's dominant religion, seeking credentials as a Moslem, both for the benefit of his own population and to placate Arab backers such as Saudi Arabia who show a greater reverence toward the laws of Islam.

The walls of Imam Ali's shrine See SHITES, Page 2

Kiosk

Waldheim Data Not Confirmed

ZAGREB, Yugoslavia (Reuters)—A member of a commission investigating the wartime activities of President Kurt Waldheim of Austria failed on Tuesday to find the original of a document allegedly linking him to deportations.

Manfred Messerschmidt, a West German historian, said that he had failed to find the original of a telegram, made public by the West German magazine Der Spiegel, in the Croatian Archives in Zagreb.

His research assistant, Zoran Jovanovic, said that he also had failed to find it in the Yugoslav Archives and the Military History Institute in Belgrade.

The digital audio tape cassette is part of music lovers' future. Page 6.

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General News: Portugal is seeking increased U.S. aid for the use of air bases in the Azores. Page 3. A Vatican report on homelessness condemned inequities in the worldwide distribution of housing. Page 2. Business/Finance: Corporations rather than raiders are leading the new U.S. takeover wave. Page 7.

Dow Jones Industrial Average: The Dow Jones Industrial Average closed at 1,689. Up 8.29.

The Vitamin ABCs: Too Much of a Good Thing. By Barry James. A report that vitamins can make children more intelligent has sparked a health fad in Britain—one that doctors warn is potentially dangerous.

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# Portugal Rethinks U.S. Pact

## More Aid Sought To Use Air Base

By Edward Cody

LISBON — Frustrated by declining U.S. aid, Prime Minister Anibal Cavaco Silva has decided to seek a clear guarantee of increased and sustained payments for continued use of a strategic U.S. air base in the Azores, Portuguese officials said.

Frank C. Carlucci, the U.S. defense secretary, is to hold talks with Mr. Cavaco Silva on Wednesday, a day before Portugal is entitled to demand a review of the 1983 defense agreement renewing a lease on the facility.

Diplomatic sources said the Portuguese leader plans to go ahead with re-negotiation of the pact to insist on guaranteed aid levels until Mr. Carlucci has a solution to Lisbon's complaints.

The trouble over Lajes Air Base, which lies amid vital trans-Atlantic sea and air routes 1,000 miles (1,600 kilometers) off Portugal, comes only two weeks after the Reagan administration was forced to agree to withdraw 72 F-16 aircraft from Torrejon Air Base in Spain.

Similar questions have come on the horizon over U.S. bases in Greece, Turkey and the Philippines, forming a pattern of growing difficulty in maintaining American military facilities abroad.

Prospects for Mr. Cavaco's mission in Lisbon, already dim, darkened considerably with the announcement Friday that U.S. aid to Portugal, instead of being increased as demanded, is being cut back by another \$30 million.

From \$147 million in the 1987 fiscal year, aid to Portugal declined to \$117 million for the current fiscal year, which began in October, the U.S. State Department said.

This is not good news for the negotiations, a Portuguese official observed. Mr. Cavaco Silva said after a meeting Monday with President Mario Soares that he will "defend with great force that which we consider to be the correct position of our country."

The latest cutback intensified an impression that Portugal is being taken as a North Atlantic Treaty Organization ally and its return to functioning democracy have taken it off the crisis list in Washington.

This impression also was heightened by the absence of a U.S. ambassador to Lisbon since December 1986, when Frank Shakespeare left, until Friday, when Edward Rowell presented his credentials.

"We feel the United States always reacts to a threat, and since we are no longer a threat, we have moved to second priority," a well-placed Portuguese official said.

Portuguese officials said the 1983 defense accord included a pledge by the United States to increase and maintain aid to Portugal in return for use of the base.

In the first year of the agreement, aid jumped as promised, from \$147.9 million to \$207.9 million in 1985. This created a benchmark by which the government in Lisbon has measured aid in subsequent years.

With congressionally imposed cutbacks, the aid level fell to \$188.9 million in 1986, then again to \$147.4 million in 1987. The recurrent declines, Portuguese officials said, amount to renegeing on the agreement.

U.S. diplomats countered that the Reagan administration sought more than was granted each year but was forced by Congress to accept the lower levels.

Reflecting frustration over the cuts, the State Department spokesman said the reductions "pose serious risks to our foreign policy and national security interests."

In addition, a U.S. official pointed out, the 1983 agreement committed the administration to do its best to raise and maintain the amount of aid, but contained no specific promise of a certain amount each year.

# 12 Black Leaders Held in Protest of Flag in Alabama

The Associated Press

MONTGOMERY, Alabama — Law officers arrested a state representative and 11 other black leaders Tuesday when they tried to climb a fence around the statehouse here to remove the flag of the Confederacy that flies over the dome.

Thomas Reed, a state representative from Tuskegee as well as the Alabama president of the National Association for the Advancement of Colored People, led several dozen blacks to a gate where he talked to state troopers for almost 20 minutes before attempting to climb the 8-foot (2.5-meter) high fence.

"I consider myself not violating the law of this state," Mr. Reed said. After officers pulled Mr. Reed from the fence, other members of his group, including a member of the national NAACP board, Emmett Burns, attempted to climb the fence but also were restrained.

Mr. Reed contends that the flag represents racism and oppression and said that if it was not removed he planned to "enter the Capitol grounds and climb to the top of the state Capitol dome and remove the Confederate battle flag."

In Iowa, Mr. Kemp has won the endorsement of a group working for higher Social Security benefits for "notch babies," the seven million retirees born from 1912 to 1916 who were not included in an

# AMERICAN TOPICS

## U.S. Public Holidays And How They Fade

On Martin Luther King Jr. Day, Jan. 18, Charles W. Snyder noted in a letter to The Washington Post, news media provided "stories, documentaries and interviews that advance public understanding of the legacy of Dr. King. That legacy, succinctly stated, is that the rights and liberties this nation was founded to preserve should be enjoyed by all Americans, regardless of ethnic background."

"In contrast, commercialism has completely overtaken the observance of the birthdays of George Washington and Abraham Lincoln," which have become merely occasions "for winter sales when powdered wigs and stovepipe hats are donned. It is not a time for historical re-enactments but a time for props and hucksters."

"Perhaps the contrast between the holidays is due to the fact that no one today can personally remember Washington or Lincoln, while everyone over 30 has vivid recollections of Dr. King. If so, we have all the more cause to deplore the shortness of our collective national memory. For it may come to pass that a generation from now a pitchman made up to resemble Dr. King will appear on television to say that he has had a dream about the wonderful white sale at a mall near you."

### Short Takes

Parents with sons have a 9-percent lower risk of separating than parents with daughters, according to a study by the University of Pennsylvania. Part of the reason may be that "fathers are more involved in rearing their sons," said S. Philip Morgan, who directed the study. He said another factor may be that "beliefs about



SUNDAY AFTERNOON QUARTERBACKING — Tyce Thomas, 22, wearing a shower cap, plays quarterback from his wheelchair with friends in a sandlot football game in Johnstown, Pennsylvania. Mr. Thomas has been confined to a wheelchair since an injury at the age of 4.

the importance of male role models for sons act as a deterrent to divorce."

Police in New Jersey have begun to find an apparently new form of cocaine that is cheaper, more powerful and more dangerous than crack. It has several names, the most common being "basuco." Sergeant Barry Robertson of the state police said it costs only \$1 per val, compared to \$3 or \$4 for crack. Its crude refinement process leaves high residues of lead and sulfuric acid, thus producing even more brain damage and dysfunction than crack. Both are smokable.

"Carry Me Back to Old Virginia," Virginia's official state song, is steeped in sentiment and history. But, with words like

"darkey" and "old massa," it has been widely criticized as racist. So a state General Assembly subcommittee held hearings on the issue. One witness, R. Lynwood Coffman of Edinburg, advised the subcommittee, "You knock out 'Carry Me Back' and you're going to lose the next election."

Instead, he advised, "Make 'Carry Me Back' the state song emeritus and then adopt a new song. Everybody knows that when you're emeritus, nothing ever happens to you." The subcommittee has recommended, 4-1, that the assembly follow this advice. The new song proposed is "The Old Dominion," a salute to Virginia's modern potential by Adele Abrahams of Charlottesville.

There's no place like home —

make that two homes a block and a half apart — for a wandering Labrador retriever in Fairbanks, Alaska. After the dog, named Ezra, disappeared from Nicole Bevis's house, she read in the newspaper that a Labrador had been killed, and assumed it was Ezra. Then one day she opened her door and there he was. But he would disappear periodically. She never knew why until she saw her pet in Lou O'Neill's pickup truck. He said the dog had showed up at his house and had been named Prince. Since then, the two have allowed the dog to go on leading a double life. Just why he does so is unclear, except that at the Bevis house he gets dry food and at the O'Neill house he gets canned food.

Arthur Higbee

# FBI Admits Surveillance Flaw

By Ruth Marcus  
Washington Post Service

WASHINGTON — The director of the FBI, William S. Sessions, denied Tuesday that his agency "mounted a massive surveillance campaign against American citizens opposed to the Reagan administration policy on Central America."

He acknowledged, however, that the investigation of one liberal group "was not properly directed" in all instances.

Mr. Sessions, who has just finished three months as FBI director, offered the bureau's first detailed explanation of documents released last week by the Center for Constitutional Rights, a New York lawyers group.

The documents, obtained under the Freedom of Information Act, showed that the FBI had conducted an extensive investigation of the Committee in Solidarity with the People of El Salvador, or CISPE, in the course of which it took photographs of protesters at peace rallies and recorded their license plate numbers, investigated news, unions, members and college students, and

checked up on church forums and Knights of Columbus dinners.

Mr. Sessions said the probe was prompted by tips that members of the group "were involved in covertly furnishing funds and material to a foreign terrorist organization," the Farabundo Marti National Liberation Front, and that agents conducted only "limited investigation" of other groups "to round out or develop information on the scope of activities and influence of CISPE."

The investigation was closed in June 1985 when the Justice Department concluded that the group "was involved in political activities involving First Amendment rights and not international terrorism," Mr. Sessions said.

Mr. Sessions, a former federal judge, said field agents had been "explicitly instructed" that the investigation must not interfere with the exercise of First Amendment rights of those members who politically opposed U.S. policy in Central America.

He acknowledged, however, that field agents did not always faithfully follow those directions.

"I think you would have to say in some instances had the matter been

reviewed at that time and sensed at that time that there might have been directions that would have been different," he said.

Asked about a memorandum from the FBI office in New Orleans stating that it was "imperative" to formulate a plan of attack against the group and specifically against individuals "who defiantly display their contempt for the U.S. government," Mr. Sessions said the investigation "was not out of control but as to that particular facet, it was not properly directed."

Mr. Sessions steered away from criticizing his predecessor, William H. Webster, who now directs the CIA, under whom the investigation took place.

Margaret Ratner, an attorney with the Center for Constitutional Rights, disputed Mr. Sessions's statement about the limited focus of the investigation. She said that the FBI conducted surveillance of more than 200 groups that were supposedly linked to Committee in Solidarity with the People of El Salvador.

"When no evidence could be found," she said, "Washington told local FBI offices to dig deeper."

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# Winds Turn Favorable For Kemp's Campaign

## Republican Could Catch Up to Dole, Recent New Hampshire Polls Show

By Clifford D. May

New York Times Service

GREENLAND, New Hampshire — Are the Republicans rediscovering Jack F. Kemp?

For months, the New York congressman's campaign for his party's presidential nomination spun its wheels. Conservative activists who had been expected to cheer Mr. Kemp on damned him with faint praise. Pat Robertson and his evangelical supporters stole his fire and prominence in Iowa. Here in New Hampshire, Pierre S. du Pont 4th got the endorsement of The Union-Leader, the influential rightist newspaper. In every poll, Vice President George Bush and Senator Bob Dole of Kansas stayed well in front.

As recently as last month, some of Mr. Kemp's advisers were kept busy publicly dispelling rumors that a withdrawal was imminent while privately conceding that the campaign was in serious trouble.

Now, however, there are signs that Mr. Kemp's campaign may at last have begun to move.

Recent polls of New Hampshire Republicans place him within striking distance of Mr. Dole, if not Mr. Bush. And a national New York Times-CBS News Poll of likely Republican primary voters taken last weekend found a slight increase from two months earlier in the number who view Mr. Kemp favorably. There was a larger decrease in the number who view him unfavorably.

Many conservative publications and columnists have rallied — not without some ambivalence — to his cause. For example, while the right wing is still "in a quandary this year over whom to get behind," the journal Human Events said in an editorial in its Jan. 23 issue, "We feel it's important to endorse Rep. Jack Kemp."

Political analysts of varying stripes have been impressed by Mr. Kemp's daily campaign and by the television spots he has been airing in New Hampshire and Iowa.

"He's just been working hard and doing well," said Arthur Craig, a political scientist at the University of New Hampshire. "He's been up here doing retail politics, slogging through the state picking up one vote at a time. I think he's on the move."

Many analysts quickly added, however, that they are not predicting the transformation of Mr. Kemp's favorable winds into anything resembling a storm.

In an interview on his way to Greenland, Mr. Kemp attributed his gains in the polls to the amount of time he is spending in New Hampshire and the effectiveness of his television advertising campaign.

"The attention of the voters is more acute now," he added. "They're realizing they have to make a choice."

He and his strategists say they finally are reaching key voters. For example, Mr. Kemp is making strong appeals to such passionate groups as those who want abortion outlawed and those who do not want gun controls.

In Iowa, Mr. Kemp has won the endorsement of a group working for higher Social Security benefits for "notch babies," the seven million retirees born from 1912 to 1916 who were not included in an

increase in payments given some other retirees.

He is telling evangelical Christians — still a wild card in the campaign — that a vote for Mr. Robertson would be wasted because the former television minister is not going to be acceptable to the rest of the country.

Beyond that, Mr. Kemp is trying to scare the many still undecided voters away from Mr. Bush and Mr. Dole. In television commercials and in person, he warns that a vote for either of the front-runners is bound to mean higher taxes, higher costs to heat their homes — through the imposition of an oil import fee — and lower Social Security payments to the retired or disabled.

Some Republican political analysts are not convinced that such tactics significantly will alter the competition.

"Kemp's just not run a successful campaign in terms of making people think he is presidential or uniting conservatives," said Kevin Phillips, a Republican analyst. Others have compared Mr. Kemp to Senator Paul Simon, the Illinois Democrat who has advocated many new social initiatives without saying precisely how he would fund them.

Similarly, Mr. Kemp favors a host of new programs and promises that a revitalized economy, rather than new taxes, would provide the financing.

"If Jack believes in cutting any programs, we haven't heard about it," said Richard Viguerie, a conservative activist. "He's sending us mixed signals."

Citing such views, William Schneider, an analyst at the conservative American Enterprise Institute in Washington, said Mr. Kemp is still "not hard enough for the hard right, and among regular Republicans he sounds like a wild man."

Mr. Schneider added: "He makes them suspicious with his overt appeals to groups one thinks of as Democratic: blacks, Hispanics, Jews, union members and farmers. Traditional Republicans say, 'Who needs them? This isn't their party. It's our party.'"

The analysts and the Kemp strategists agree on one point, however: If Mr. Kemp has a chance in this race, he will need to be assisted by stumbling on the part of Mr. Bush or Mr. Dole.

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# RIEFS

## Alabama School

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INTERNATIONAL Herald Tribune

A Hard Road in Oz

Dickens, in "Great Expectations," left the impecunious Mr. Micawber sailing to Australia hoping, as usual, for something to turn up. As it celebrates 200 years of European settlement, Australia itself — Oz, to initiates — may be in a similar mood. It still has much going for it, but things are going away from it, too. Repairing the damage will put any future wizard of Oz to the test.

Recent years have seen embarrassing change. Raw materials and farming can no longer support Australians in the way to which they are accustomed. A new world commodity boom is unlikely unless the bigger industrialized countries get their own economies back on orbit. Meanwhile, Australian protection is slowly — some say far too slowly — coming down under pressure from inside and outside. Unemployment is high but so is the external deficit for goods and services. The budget deficit is excessive in relation to private saving; too much spending in an economy that needs to concentrate on adapting its position to a changing world.

INTERNATIONAL HERALD TRIBUNE

Prefigured in Poland?

Lincoln Steffens went to view the Bolshevik Revolution of 1917 and said he held the future and it worked. In Poland today you can really see the Soviet future, and it doesn't work. The Communist government in Warsaw is conducting the Soviet bloc's most far-reaching effort at the sort of reform projected in Mikhail Gorbachev's perestroika, or restructuring, but the obstacles are formidable, and the question of the hour is whether Poland is going to explode.

Meese Should Leave

The attorney general of the United States is supposed to be an administration's chief lawyer, the counsel who helps his president faithfully execute the laws and the nation's top cop. As attorney general for the second Reagan administration, Edwin Meese seems to be spending more time under the magnifying glass of justice than wielding it. His involvement with a Middle East pipeline project promoted by his personal attorney and friend brings the latest public shame.

Other Comment

to settle future crises and have outlined a pattern of meetings at several levels. A package of such confidence-building measures looks the best way to end the continuous tension. It will not guarantee solutions to old problems. Disputes over the Aegean [old Cyprus] will need patience, skill and diplomatic help. But if they cannot be solved in the wake of a general rapprochement, they could certainly not be solved without one.

INTERNATIONAL HERALD TRIBUNE

JOHN HAY WHITNEY, Chairman 1978-1982
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CO-CHAIRMEN
LEE W. HUEBNER, Publisher
JOHN VINCIGUERRA, Executive Editor

OPINION Moscow and Beijing Are Mending Fences

By Robert A. Manning

WASHINGTON — It is happening incrementally, all the while discounted, if noticed at all, by the purveyors of conventional wisdom in Washington. Moscow and Beijing are resolving past antagonisms one after another, inexorably solidifying a Chinese-Soviet detente that looks much like a harbinger of a new multipolar global power equation.

Chinese-Soviet detente is a hint of a more complex world in which U.S. clout is diminished.

years. China rebuffed the offer, but Beijing's increased receptivity was suggested by the publication of Mr. Gorbachev's comments in Liaowang, a leading Chinese weekly. China-watchers in the United States have long asserted that Beijing's two top concerns — security and development — are best served by its tilt toward the West, thus limiting the parameters of Chinese-Soviet reconciliation.

The sources of Chinese-Soviet hostility — ideology, border disputes and strategic concerns — have fast begun to dissipate.

When Deng Xiaoping launched his economic reforms a decade ago, Moscow denounced the new policies as "Maoism without Mao" and accused Beijing of collaborating with Washington. The Chinese, for their part, called for a "united front" against Moscow.

Both countries have dropped pretensions to being the true beacon of communism, claims that first led to the animosity of the Chinese-Soviet split. Now both endorse socialist pluralism and have discovered much common ground, particularly as Mr. Gorbachev, too, has begun to experiment with market-oriented reforms.

These moves have paved the way for the settling of border issues and for vast improvements in the political climate of Chinese-Soviet relations. Now there are growing indications that

Moscow will soon withdraw its troops from Afghanistan and dump its offshoot regime. Similar government in Cambodia is helping to reverse the image of a Kremlin on the march.

The next stage of rapprochement will be a summit meeting, probably in the next 16 to 20 months. A dramatic reduction of Soviet troops along the Chinese border and the beginnings of a bilateral arms control process are likely to ensue.

China is unlikely to discard the insurance policy that America provides. But, as a recent Pentagon report on long-term strategy pointed out, China may emerge by 2010 as the world's third- or fourth-largest power in economic and military terms, altering the Pacific century.

The writer, a former diplomatic correspondent for U.S. News & World Report, is a Washington-based specialist in foreign affairs. He contributed this column to the International Herald Tribune.

The Clothes Are Getting Hot Raves

By Jim Hoagland

DAVOS, Switzerland — The Ring Class of the business world has gathered in this ski resort this week for its annual checkup. It is a room of 800 of capitalism's senior managers meet with government economic policy makers to take their collective pulse and that of the global economy.

There is for this nonexpert surprisingly little direct talk among the business leaders here about Bloody Monday. They treat it as a family secret, a loony uncle who has escaped from the attic and smashed his new-color TV with a hammer before being locked up again. Better to keep checking the locks than dwell on the close call.

The mood here seems skittish and skeptical for 1988. There is a general sense that the dollar plunge has bottomed out and recession can be avoided, but nobody wants to see those propositions tested very strenuously.

The monetary mantras are being chanted at the World Economic Forum, a crash course in "what is of course, a hard reality for the managerial elite of free market economies."

Topics for briefings chosen this year by the astute conference organizers include "Protecting profits in a protectionist world," "AIDS: What it means for your company," "Social engineering as a new responsibility of the chief executive," and "Exchange rate volatility: How to make the most of it."

But the conference staple is "international coordination," the buzzword the Reagan administration has offered as a substitute for economic and monetary policy in this election year.

But on balance the conference underscored again the clash between what Mr. Baker and his deputies are saying and the belief abroad that they are pursuing unsustainable policies that will leave behind a crushing economic burden for President Reagan's successor and the nation at large.

That belief is at the core of the plunge of the dollar. Foreign investors and speculators came to the conclusion that America's economy and currency would be weaker tomorrow than today, and they did what any of us would do — they sold. Central banks had to put out \$100 billion last year to stabilize the greenback.

That makes it all the more necessary for governments to be seen to be coordinating at conferences like this one. The Emperor's Clothes have to be described in the most glowing terms if they are to be seen at all.

100, 75 AND 50 YEARS AGO

1888: Bismarck on War
BERLIN — On [Jan. 30] Prince Bismarck received several visitors. The Chancellor said: "Russia is not yet fully prepared for war. Neither is France — for France has not yet the powder in sufficient quantities for her new rifles. Austria is not prepared. And Germany — well, I will not say whether Germany is prepared or not prepared. It will take four or five years before any of the great Powers will have attained their maximum fighting strength. I do not see any imminent probability of war."

The Only Way: The Dialogue of Reasonable Men

By John K. Cooley

AMMAN, Jordan — "As a rule," said that astute French observer Alexis de Tocqueville, "insurrections begin without a leader, but they always end by securing one."

Neither Egypt nor Jordan seems ready to join the search, nor to help the uprising along. Both have experienced the terrible destabilizing qualities of the Palestinian struggle. Both desperately need to hang on to the economic and political stability they now possess. Both seek a response to a revival of old U.S. "autonomy" proposals for the territories.

King Hussein, meanwhile, said in an interview that the uprisings in Gaza and in the West Bank, which Jordan administered before the 1967 Israeli conquest, have been an unexpected "jolt" to all concerned.

This seems to open, if just a bit, a window of opportunity. The West could now make its first real effort to unearth responsible new Palestinian leaders, with whom Israel, Jordan, Egypt, the United States and probably the Soviet Union could — indeed must — eventually negotiate.

Back to Vietnam: There Comes a Time After Battle

By Frederick Downs Jr.

WASHINGTON — One night last August I walked into a cafe in Hanoi with Bill Bell, a colleague who speaks Vietnamese and has been going to Vietnam since 1973 as part of the official team that has been trying to trace soldiers missing in action and prisoners of war.

A group of about 15 older men were sitting around a couple of tables. They stopped talking immediately when we entered, and watched us suspiciously as we walked to the bar. "Old cadre," Bill said as we leaned against the teak bar.

During one trip, while driving a truck full of supplies, he had been strafed by U.S. planes three times. Each time the bullets punctured his tires. He had no patching material so he hunted frogs in the jungle, skinned them and used their hides to patch the tires.

Bill told me about editors in the Hanoi newspapers raising hell with the government for not living up to promises to its veterans. The Vietnamese vets complained that they were not getting prosthetic limbs to replace the arms and legs they had lost fighting for their country. Younger veterans complained that older veterans had all the good jobs.

During one trip, while driving a truck full of supplies, he had been strafed by U.S. planes three times. Each time the bullets punctured his tires. He had no patching material so he hunted frogs in the jungle, skinned them and used their hides to patch the tires.

Mr. Siniora told me in his Jerusalem office on Jan. 24, while checking his plane tickets for Washington: "Only weeks ago I was twice arrested and was being held by the Israeli police that I was a threat. Today, Mr. Shamir suddenly reversed the three-month ban he had imposed on my travel, and told me I could fly to attend a conference on Mideast peace" in Washington.

While Mr. Siniora was listening to depart, proof of U.S. support came in a phone call from Mr. Shultz. Had Mr. Siniora received his permit to leave? Could he come by and see the secretary of state in Washington?

Mr. Siniora may or may not have helped his cause, and that of his people, by proclaiming in Washington that the United States was ready to negotiate with him. In any case, he may have raised the danger to himself.

The writer, author of two books on his experiences in Vietnam, is director of the Prosthetic and Sensory Aids Service at the Veterans Administration. He was awarded the Silver Star, four Purple Hearts, the Bronze Star for Valor and the Vietnamese Gold Cross of Gallantry. He contributed this column to The Washington Post.



By PLANTU for Le Monde (Paris). CAVI Syndicate.

fighting for the people of Vietnam. Today, although the government in Hanoi is not what I would like, the people still need help.

The North Vietnamese who were our allies are under one government now. There are hundreds of thousands of America's former friends and enemies who were left disabled by that war. They all share a common plight.

1913: An Income Tax?
WASHINGTON — Thirty-five States are now in favor of an amendment of the Constitution permitting an income tax, and the Democrats are drawing up a bill to levy \$50 annually upon net incomes of \$5,000. Reductions in the revenue have been made by putting sugar on the free list, and it is understood that Woodrow

Wilson and his supporters propose an income tax to make up the deficit for that account, and also as a basis for future action should necessity arise. The ratification of only one more State is required to legalize the tax, and that it is believed, will be given by New Jersey, of which Dr. Wilson, President-elect, is Governor.

1938: Naval Exercises
SAN FRANCISCO — Ninety-eight units of the battle fleet, which left San Francisco yesterday [Feb. 1], massed off Southern California today to begin tactical exercises relating to the defense of the coast against a theoretical enemy. This was the first day of the six-week maneuvers which will be carried out on the Alaska-Hawaii-California triangle. Submarines theoretically mined the channel off Los Angeles Harbor. Another phantasm operation made the channel safe for navigation. Forty-five destroyers then put out to sea ahead of squadrons of dreadnoughts and cruisers.

Vertical advertisements on the right edge of the page, including 'DOLLAR FALLS', '3-Year Notes', 'Tuesday's OTC Prices', and '100, 75 AND 50 YEARS AGO'.

Handwritten signature or scribble at the bottom center of the page.

OPINION

Beneath the Shouting, Ideas For Constructive Contra Aid

By A. M. Rosenthal

NEW YORK — When everybody shouts, nobody listens. The shouting in the United States about Nicaragua gets louder and louder, the time for listening and thinking shorter and shorter.

ON MY MIND

do not see, or refuse to acknowledge, what the Sandinistas are: a communist regime that will maintain a dictatorship as long as it can. And there are Americans who believe that the Sandinistas eventually must be ousted by force, at whatever cost in Nicaraguan blood.

But there are also Americans whom the shouting often drowns out. We oppose the Sandinist government as a tyranny and hope it can be removed from power. We believe that it can be done without total military conquest. It will take a real cease-fire and then years of political struggle. The Sandinistas may never change. But the gamble is worth taking now that they are weak, to avoid more years of blood.

The real hope for a free Nicaragua lies in the fact that the political resistance to the Sandinistas is a popular movement, extending beyond the contras, to businessmen, clergy, farmers, academics, professionals, politicians. That holds out the chance of the democratic center coming to power one day.

But as things stand, the contras are the sole military force in the entire opposition. If they are totally abandoned now, the future of the democratic center will be wiped out with them.

The past is littered with American mistakes. First, Washington supported the Somoza dynasty until the two became identified. Then it failed to build up the contras who called out for U.S. help.

When the Reagan administration decided to back the contras, it brought in fascist-minded Argentine officers to help train them. It manipulated the contras until they seeped puppets and mercenaries.

A Regretted Inadvertence? RECENT Sandinist gestures toward "liberalization" are minor and reversible. The Reagan administration's stated assumption is that continued pressure from the modestly funded contras can cause liberalization to continue. That may be unrealistic, but is hardly more so than the assumption that Sandinist gestures toward liberalization and negotiation are unrelated to contras aid and will survive the termination of that aid.

It would do one more thing: pass responsibility for American policy in Nicaragua to the next president of the United States, who would have to make his stand specific and clear by Election Day.

One result was the romanticization of the Sandinistas, Americans forgot the truth. The Nicaraguan revolution was a popular movement that included the Sandinistas. They did not create the revolution; they seized it.

Heavy-handed American policy made it difficult to see the contras clearly. James LeMay, who covers Central America for The New York Times, wrote in October that Washington used the contras as an instrument of U.S. policy.

But he also wrote: "Burdened by administration rhetoric and Sandinist propaganda, the contras have had a hard time being seen for what they are: a committed army of ill-trained hillbilly peasants from northern Nicaragua."

Aid to contras comes up in Congress today. It is the duty of Congress to produce a plan that would not give the Sandinistas the victory over the resistance that they have been unable to achieve themselves, nor imply that the United States was committed only to a contra military conquest of the Sandinistas.

The aid package presented by the administration should be amended. Economic aid should be extended to the whole Nicaraguan opposition — the contras and also political parties, church groups, unions and other parts of the resistance. Washington would thus refuse to wipe out the contras but also insist that the future belongs to all Nicaraguans.

The contras should get the minimum amount of "nonlethal" supplies needed to keep them going. For their part, contra leaders living in Miami should pick themselves up and return to the political struggle in Nicaragua, risking and even courting arrest to do so.

The small amount of "lethal" military aid requested for the contras should be held in escrow, not just until March 31, as suggested by the administration, but for a year — unless congressional leaders and the president agree before then that the peace process has failed or that Soviet arms are still flowing to the Sandinistas.

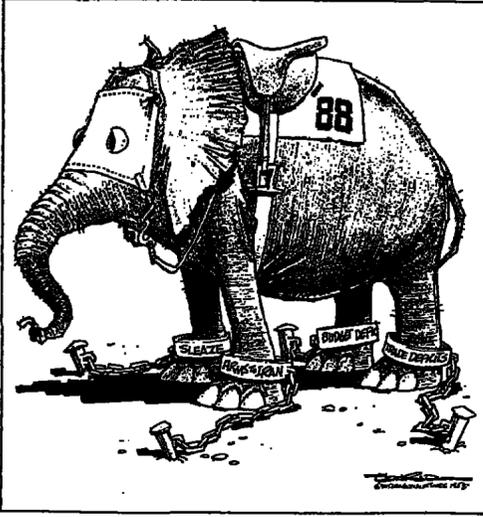
A year would give the world a chance to test Sandinist willingness to give up a real measure of power. It would give the opposition time to build political machinery.

It would do one more thing: pass responsibility for American policy in Nicaragua to the next president of the United States, who would have to make his stand specific and clear by Election Day.

Secondly, other Democrats can obtain a ballot by sending to the relevant country committee (or, if necessary, to me: 78 rue de la Fédération, 75015 Paris, France), in lieu of a voter enrollment form, the following signed statement: "I want to enroll as a Democrat Abroad. I am a U.S. citizen of voting age living abroad. I am a Democrat and support the aims and objectives of the Democratic Party of the U.S.A."

Finally, starting in late February, voters should be able, upon presentation of their passport, to pick up a ballot from the Voting Assistance Officer at the nearest U.S. embassy or consulate. The only deadline: Completed ballots must be received at the London ballot counting address by noon, local time, March 22.

HAROLD FOECKE, Chairperson, Election Committee, Democrats Abroad, Paris.



A Column of Personal Communication

By Joe Murray

DEAR Mr. Murray: I am currently a freshman English major at Boston College. I am very interested in journalism and specifically column writing as a career. Any hints you could give in terms of education, work experience, etc. would be very helpful. Thank you for your time and consideration.

than likely, she is disgusted by her own stuff when she sees it in print. Read all you can, newspapers, magazines and especially good books. Examine the writing of those people whose work you like. Learn the tricks of their style. The best style is the style that is invisible, that tells the story without intruding into the story.

A few tips on writing: The best columns are between 500 and 600 words. Anything over 700 words is an embarrassment; over 800 words, a disgrace. Never use two words when one word will do. Never use one sentence when two sentences will do.

Write a column as you would a letter. Make it a personal communication between you and the reader. Try not to hurt people's feelings. It's not so important what people think about an issue; rather, that they take the time to think about it at all. A good columnist doesn't tell people what to think. A good columnist tells people something that makes them think.

Never use "whom." Sooner or later you'll use it wrong and make yourself look dumb. If you use "misspell" check it three times. To misspell "misspell" is a sin for which there is no forgiveness. Enjoy yourself. Journalism, at its best, is nothing more than an excuse for having a good time.

Sincerely, Joe Murray  
Lufkin, Texas

Mr. Murray is editor and publisher of The Lufkin (Texas) Daily News. His columns are distributed by Cox News Service.

DEAR Miss Courtney: The great thing about the newspaper business is that everything applies. Any course you take — from economics to English — sooner or later will come in handy for a reporter. I'd advise as wide a variety of subjects as possible.

There's only one way to be a writer and that is to write. Do it every day, like an athlete trains for sports. As with the athlete, the writer has some natural ability. As with the athlete, the writer must work and work — write and write and write — in order to become a pro. More important than writing and writing and writing is rewriting. Good stories aren't written. Good stories are rewritten. A good writer is never satisfied with what she has written. More

On being a columnist: As with any goal, you work your way up to it. Hard work counts more than talent; luck counts more than hard work. It's difficult to create an opportunity. Be on the lookout for it. Take the long view. The best job in the world is the one that leads to a better job.

Mainly I'm a storyteller. I listen to other people's stories and write about them. Be a good listener. Be interested in what concerns others. In truth, life amounts to little more than this: work hard, do good, help others. Most anything else is simply how you amuse yourself while populating the earth.

MARTA CZAJKOWSKA  
Tunis

ERIC MERKEL-SOBOTTA  
Leuven, Belgium

LETTERS TO THE EDITOR

Israeli Violence: The Only Course or the Worst Course?

I must register my profound disagreement with the opinion column by A. M. Rosenthal, "A Friend's Message to Israel: Jews Must Not Break Bones" (Jan. 27). Israel is most vulnerable when it appears weak, indecisive and unable to react to fast-moving situations. Vacillation on the part of its leaders is seized upon as proof of such weakness.

Mobs have been carried along on a tide of self-delusion and anger, fueled by irresponsible journalists reporting (and often creating) the sensational. The world's knee-jerk condemnation of tragic mistakes only aggravates the situation, increasing Israel's apparent inability to act. The fact is, there are no Arab proposals on the table and no credible partners prepared to negotiate directly. There is still no possibility of a Saudi, Syrian, Iraqi or Jordanian embassy opening in a secure and recognized Israel.

Given these circumstances, Defense Minister Yitzhak Rabin, as the Israeli leader "at the sharp end," has no alternative but to act rapidly to re-establish the credibility of Israel and its army in the area. This can only be done in the time-honored tradition of the Middle East, by a determined use of force, no matter what the consequences.

MICHAEL S. BRADFIELD,  
London

Advice for Democrats

Concerning "42 Seek to Be Delegates for Democrats Abroad" (Jan. 29), your readers may appreciate knowing that, contrary to one aspect of the otherwise excellent article, Democrats living abroad can obtain ballots without submitting a voter enrollment form, and there is no mid-February deadline.

First of all, in the 18 countries where Committees of Democrats Abroad exist (Austria, Belgium, Britain, Canada, Costa Rica, Egypt, France, Greece, Hong Kong, Israel, Italy, Japan, the Netherlands, Panama, Spain, Sweden [for all Scandinavian countries], Switzerland and West Germany), Democrats previously enrolled will automatically be sent ballots in mid-February.

Secondly, other Democrats can obtain a ballot by sending to the relevant country committee (or, if necessary, to me: 78 rue de la Fédération, 75015 Paris, France), in lieu of a voter enrollment form, the following signed statement: "I want to enroll as a Democrat Abroad. I am a U.S. citizen of voting age living abroad. I am a Democrat and support the aims and objectives of the Democratic Party of the U.S.A."

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HAROLD FOECKE,  
Chairperson, Election Committee, Democrats Abroad, Paris.

Two Views of Budapest

The letter from Sheila McGlynn (Jan. 21) abounds in uninformative statements. She says that, during a 12-day visit to Budapest, she noticed that it was hard to find "items such as warm socks and meat," and that, upon leaving Hungary, she felt "delivered from an unlawful imprisonment."

It has been exciting to see the interest in American studies that the center has stimulated. We would be glad to exchange (practical as well as intellectual) ideas with our British colleagues.

AUDREY A.P. LAVIN,  
Alcalá de Henares, Spain.

The writer is Fulbright lecturer in North American studies and literature at the Universidad de Alcalá de Henares.

A Window Opens in Spain

One window closes, another opens. Not that I'm at all in favor of closing the window on American studies in Britain ("American Studies Are Waning in U.K.," Jan. 22), but you and your readers should know that a new interest in North American studies has been generated here in Spain by the opening in October of the Centro de Estudios Norteamericanos in Alcalá de Henares. The center, under the direction of Dr. Angel Berenguer, is a graduate school affiliated with the Universidad de Alcalá de Henares, located near Madrid.

In addition to being a graduate school, the center has undertaken a series of lectures, debates and audience discussions on a variety of what, for Spain, are nontraditional North American subjects. Conferences, featuring distinguished speakers from Spain and the United States, have been given on topics such as "The City in the United States and the

Don't Lump Nobel Voices

Regarding James M. Markham's report on the forming of a crisis group of Nobel Prize winners (JHT, Jan. 23), I applaud the idea, but doubt the need or the effectiveness of such a group. An organization of eminent world citizens with the purpose of intervening "with moral authority in crisis situations" is hardly a new idea. The United Nations

was founded for precisely the same reason. In Gaza, Blame for All" (Jan. 9) is one of the best I have read since the world turned its attention to Gaza and the West Bank. But I do not agree that Palestinians from the occupied territories would leave voluntarily, as the editorial suggests, to work and live in Arab countries. It is illogical to think that after 20 years of living in misery, under occupation, people will give up. I think to the contrary, that the reinforced Israeli pressure will strengthen their determination to stay and fight for the right to live, free, on their land.

A. EVEN-ZOHAR,  
Tel Aviv.

GENERAL NEWS

U.S. Breast Cancer Rate Continues Rise

By Philip M. Boffey  
New York Times Service  
WASHINGTON — New cases of breast cancer among American women are being found at the highest rate ever recorded, the National Cancer Institute has reported.

The latest data, for 1985, reflect the continuation of a trend. Health experts, expressing concern but not alarm, said the annual increases since 1980 could be explained at least in part by increased screening for cancer.

Also continuing a trend, new cases of lung cancer among American men were reported declining. These and other trends in cancer mortality, incidence and survival rates were in the institute's Annual Cancer Statistics Review, made public Monday. The review covered the period from 1950 through 1985, the latest year for which figures are available.

The rate of new breast cancer cases rose by less than 1 percent a year from 1950 to 1975, fell off for a few years and then started rising again at a faster rate in 1978, reaching the highest incidence rates ever recorded in 1985, the report said.

G. Mennen Williams Is Dead at 76

The Associated Press  
DETROIT — G. Mennen Williams, a Democrat who served six terms as Michigan governor and then became chief justice of the state Supreme Court, died Tuesday after suffering a brain hemorrhage. He was 76.

Mr. Williams, known as Scoop, completed his second eight-year term on the court in 1986 after serving as chief justice since 1983. He was governor from 1949 to 1960.

James A. Lisen, 75, a former president of Time Inc., on Monday in Greenwich, Connecticut. He had been confined to a wheelchair since suffering a stroke in 1973.

Mr. Williams, known as Scoop, completed his second eight-year term on the court in 1986 after serving as chief justice since 1983. He was governor from 1949 to 1960.



Marcel Bozzuffi

Al Laney, Trib Journalist, Dies at 92

International Herald Tribune  
Al Laney, 92, night editor of the European Edition of the New York Herald Tribune in Paris from 1927 to 1933 and later a highly respected writer on tennis and golf for the New York Herald Tribune, died of cardiac arrest on Sunday in Spring Valley, New York, friends reported Tuesday.

Mr. Laney, so soft-spoken that a former editor once threatened to write him for sound, was a life-long journalist. Most of his career was spent on the Herald Tribune in Paris and New York.

He once told a friend that he particularly enjoyed covering golf because it took him to so many pleasant places. But he was also a highly respected writer on tennis. Herbert Warren Wind, who covers that sport for the New Yorker magazine, called Mr. Laney "one of the best tennis writers ever."

Mr. Laney wrote two books: "Paris Herald: The Incredible Newspaper," published in 1947, and "Covering the Court," on American tennis, which appeared in 1968.

NOW 205 MILLION DM FOR MODEST STAKES IN THE NORTH-WEST GERMAN CLASS LOTTERY

The new lottery offers 205,021,000 DM in prize money and there is only a limited supply of 600,000 ticket numbers in the 80th series. With this extensive increase to our generous prize offer, all participants are given a FAIR CHANCE TO WIN. Prizes are so well distributed that over 40% of all ticket numbers are lucky during the course of the lottery. This implies that one out of 2 1/2 ticket numbers wins — thus creating the mathematical probability to win by playing with at least three different numbers.

SUMMARY OF PRIZES
3 x 2 Million DM = 6,000,000 DM
13 x 1 Million DM = 13,000,000 DM
10 x 1 Million DM = 10,000,000 DM
... (more prizes listed) ...
240,461 PRIZES AT A TOTAL AMOUNT OF 205,021,000 DM

Each class starts with a SUPER DRAW of a guaranteed 1 million DM, 2 x 1/2 million DM, 2 x 1/4 million DM and 5 x 100,000 DM plus thousands of other prizes ranging up to 50,000 DM. Even in the 2nd draw of classes 1 to 5 there is a guaranteed 1 million DM prize whereas the 3rd and 4th draw offer 1 million DM or 10 x 100,000 DM among other prizes. In the first 3 draws of the 6th class a 1 MILLION DM PRIZE is guaranteed as well as a 2 MILLION DM PRIZE in each of the three final draws!

... and ours is the only lottery that has the right to make this statement. The odds are really excellent — just take a look at the number of tickets issued (only 800,000 in all) and the unbelievable total of 240,461 prizes, which are given away. But considering the possibility of winning a super prize of 100,000 DM, 1 million DM or 2 million DM, you will find chances prove to be extremely good compared with other gambling games. A complete lottery, covering a period of six months, is divided into 6 classes. Every class has 4 draws (one each Friday) except the 6th (main) class which has 6 drawing days running over 5 weeks. The total of winning numbers and the value of prizes increase from class to class up to the end of the series when the 3 TOP PRIZES OF 2 MILLION DM EACH are raffled.

A state-controlled lottery means security. All the draws and prizes in the game are controlled by a board of directors in Hamburg, who act for and on behalf of the six German Federal States sponsoring the Nordwestdeutsche Klassenlotterie. Total agreement must be reached concerning the drawing dates and the determination of prizes shown on the winning plan, which has to be drawn up and published before the series starts. The winning plan together with the Rules and Regulations determine the game. All draws are held in public and there is the guarantee that each winner will receive his prize.

We give a reliable service. YOU WILL BE INFORMED AS SOON AS YOUR NUMBER HAS BEEN DRAWN! We'll not only send you the official winning lists along with the renewal tickets every 4 weeks, but we'll also notify you personally and in strictest confidence immediately after you have won. Nobody will know about your participation in the lottery or possible winnings because all our clients' records are kept solely in our office and are bound to secrecy under professional description. All prizes are immediately paid out in full, free from German tax and according to your advice. All payments are made in any currency and to any address or person of your choice. OUR SERVICE IS WORLD-WIDE. Wherever there are postal facilities you can play our lottery and get your prize money.

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..... Quarter Tickets at DM 180 each (approx. US\$ 107 or Estg 60) = DM .....
..... SUPER SIX (1/2 Tickets) at DM 1,080 (approx. US\$ 642 or Estg 360) = DM .....
mailing charges etc. Europe DM 12 (approx. US\$ 7.15 or Estg 4.00) = DM .....
Overseas DM 21 (approx. US\$ 12.50 or Estg 7.00) = DM .....
Amount of enclosed cheque in DM or equivalent in US\$ or Estg = DM .....
These DM prizes COVER THE WHOLE SERIES of 6 months. Equivalents shown in US\$ and Estg are only approximate and based on exchange rates as of 24. 11. 1987. Payment by DM bank draft drawn on a German bank is recommended and usually free of charge. If you pay by bank transfer, personal cheque, credit card or in foreign currencies, you must add charge. You can only be credited with the DM equivalent received. All cheques should be made payable to Mr. W. Wessel. If not included, payments should be received before 25. 3. 1988. Should you order later, enclose your draft with order. Mail tickets to: Mr. W. Wessel, P.O. Box 3033, Herford, Germany. Answer in German or English.

ARTS / LEISURE

At Last, 'Secret Life' Seen

By Sheridan Morley International Herald Tribune

LONDON—Once again we have to thank Sam Walters at his 100-seat Orange Tree Theatre in Richmond for precisely the kind of major theatrical discovery that ought to have been made by the RSC or the National: Harley Granville-Barker's semi-autobiographical "The Secret Life," written over four years from 1919, published to grudging reviews in 1923, but only now to be seen on stage.

THE LONDON STAGE

sometimes repetitive, yet centrally concerned with the mysteries of Granville-Barker's own life and the forces that caused him to abandon the London theatre that his own early Shavian productions had shaped and revolutionized, in order to dwell in a 30-year overseas exile as an academic married to a wealthy American divorcee who forbade him any renewal of his old and historic alliance with George Bernard Shaw.



Kristin Milward in "The Bitter Tears of Petra von Kant," a gentler version than Rainer Werner Fassbinder's subsequent film.

heaven is not going to be achieved by next Tuesday. Somewhere within this self-indulgent, lethargic, elegant conversation piece is a spiritual power game. To be sure "The Secret Life" lacks the dramatic intensity and immediacy of Barker's earlier "Waste," which in much resembles, but this is the play Henry James always tried to write and somehow never did.

John Clive's glossy production has Kristin Milward in subdued form as Petra, with Pauline Moran as her silent slave and Suzan Farrow and Renee Asherson in fascinatingly gracious appearances as the best friend and mother. But it is the relationship with Frances and Folan, the ambitious model who regards Petra's obsession with her as a career move, that the play has to make its pre-AIDS case for sexual generosity, and here we seem to be impossibly thrown back into a 1930s bedroom comedy of the kind Billy Wilder might have written for Ernst Lubitsch rather than a post-war lesbian chamber drama.

world of Joseph Losey and Harold Pinter and "The Servant," created on screen 10 years before "Petra." And finally to a couple of cabarets. Late nights at the Ritz through February, "Montgomery Plant and Strick" are a likeable close-harmony trio who specialize in a piano act built around some long-lost echoes of Gershwin before venturing closer to their Texan home-towns in search of later American classics.

There is a defiantly under-graduate 1950s entertainment which for about 40 minutes would be superb. Across two hours, even with the intervention of a languid conjuro, they look more than a little over-stretched, though it is worth staying to the end for a haunting song of lost movie memories called "This Isn't Casablanca." Kit Hesketh-Harvey, its writer-singer, is the man who wrote the screenplay for James Ivory's "Maurice" as well as an immensely promising musical of "Orlando." But, if London is to return to glossy cabaret, what is needed is the equivalent of the Oak Room at the Algonquin in New York, and there seems not to be one in any London hotel.

Digital Audio Cassettes Vs. the Record Industry

By Mike Zwerin International Herald Tribune

ZURICH—Yea and nay-sayers agree that there will probably be DAT in our future. Last month, GRP Records announced that it would be the first to market pre-recorded digital audio tape (DAT) cassettes outside Japan, through their subsidiary in Zurich. So DAT is in our present.

A DAT cassette is approximately half as big as the current analog cassettes and can hold up to four hours of music. Copying from a digital compact disc (CD) or from DAT to DAT involves a transfer of sound coded into numbers.

Digital sound does not degenerate when transferred. A copy will be as good as the original, as will a copy of a copy.

Inexpensive analog cassette reproduction enabled consumers to have the pleasure of listening to music of their choice throughout their daily lives.

If the future is indeed digital, the music industry would like to oblige us to buy either five CD or DAT originals of the same title for the living room, the kid's Walkman, the bathroom, the office and the car (Ford Motors intends to offer an optional DAT car stereo this April).

The International Federation of Phonogram and Videogram Producers (IFPI), the industry institute, has lobbied a temporary ban of the importing of DAT hardware from Japan to the United States. Less than 100,000 DAT recorders are on the market, mostly in Japan. An estimated 1,500 have trickled into the United States and about 3,000 are being test-marketed in West Germany.

These units all incorporate a device, known as the CBS Copycode,

to inhibit the recording function. Nesuhi Ertegum, president of IFPI, maintains that "Copycode is a solution to the potential threat of DAT."

"I don't agree with the IFPI," said Larry Rosen, of GRP Records, in a telephone interview with the company's New York head office. "Copycode protection is geared toward the consumer in his home. It won't stop professional pirates from mass-producing illegal copies. Everybody's against piracy, but it's totally absurd to think that putting a 'notch' in a machine is going to stop it. Any bright 12-year-old can figure out a way to bypass the Copycode. There's nothing to stop a serious pirate from setting up a bank of professional DAT recorders, which are already operating in studios, to copy Michael Jackson records."

GRP is directed by its founders, Rosen and Dave Grusin, who met in the 1960s when they were playing drums and piano, respectively, with the singer Andy Williams. Kurt Weil, the European director, is a former bandleader and trans-bone player. Marketing a type of music that has been called "jaz-zak," soothing swing, they have sold up to 500,000 units (L.F.s, CDs and cassettes) of a single title. Some of their most successful items feature the keyboardist Grusin, whose "Harlequin" won a Grammy. GRP's birth in 1983 coincided with the birth of the compact disc, and it calls itself "The Digital Master Company." As successful maverick businessmen — GRP's volume is more than \$15 million a year — with musicians' ears, they claim to be one of the few companies concerned with sound quality as well as sales.

Although the IFPI complains of billion-dollar losses from home taping, Rosen points out they neglect to mention that "since the advent of stereo car cassette machines and the Walkman, the industry has grown from a gross yearly volume of \$1 billion to \$4 billion.

The cassette has been a major spark in that increase. Pre-recorded cassettes now account for 66 percent of total sales. This does not lead one to conclude that cassettes represent the downfall of the recording industry."

"It's a hustle," says Weil. "The record business has always been a bunch of hustlers. The kind of people who run the multinationals could just as well be selling shoes or potatoes as music. I have a low regard for them. All they are interested in is moving units."

"It's also a dumb hustle. Copycode only impedes copying digital to digital. A Copycoded DAT machine can record compact discs in an analog mode, or digitally from an analog source."

"I've been experimenting with a George Benson record in both directions and in either case, as long as the source is in good condition, it's very hard even for me, supposedly an expert, to tell the difference. And a digitally recorded DAT cassette made from an analog source can be reproduced without generational loss. So you tell me, what's the point of Copycode?"

Twenty years ago the industry built new manufacturing facilities for analog cassettes. In the 1980s, there has been enormous investment in compact disc production plants.

Both products involved expensive marketing campaigns to convince the retailers to add display space and the customers to spend more money. The industry is beginning to amortize and capitalize on these investments. Consumers have shelves full of analog cassettes and compact discs and piles of hardware to play them. And along comes DAT.

"It's panic time," says Weil. "Technology is moving too fast. Everybody is insecure — manufacturers, retailers, consumers. People are reluctant to start from scratch again with another configuration. But GRP has recorded digitally from the beginning. For us DAT is the logical next stage of technology. It's no more revolutionary than that. We're only trying to run our business in an intelligent manner. Our feeling is that DAT is inevitable. Who are we to stand in the way of progress? I just want to get out there and sell these things."

"However there is a lot of truth in what the industry says about piracy. Pirated DAT cassettes can be as good as the original. I don't have any answers, but I do know that Copycode won't solve the problem. Since industry executives take themselves so seriously and think they are so intelligent then they must have enough in their heads so that if they put them together they could come up with a viable and intelligent solution."

"Anyway, DAT is just a step along the way. What are we going to do when someone comes along with a music chip containing maybe a thousand records and all you have to do is program your computer to play what you want to hear?"

DOONESBURY

At the Latchmere, "The Bitter Tears of Petra von Kant" is the play that Rainer Werner Fassbinder wrote in 1971 before his more famous screenplay, and seeing it now in a new English translation by Anthony Vivis is to be surprised by how much gentler a piece it seems than the movie.

Not only is there a faintly happier ending, but the whole anguished sexual and professional struggle (with the fashion-designer of the title a lightly sex-changed version of Fassbinder himself) now seems closer to "Design for Living" than the darker psychological recesses of the German cinema.

AS I'VE SAID MANY TIMES DURING THIS CAMPAIGN, YOU GOTTA BE A LITTLE NUTS TO RUN FOR PRESIDENT—AND I MEET THE CRITERION!

SIR! REQUEST PERMISSION TO CHUCKLE! SIR!

GENERAL NEWS

Democrats Say Reagan Plan To Aid Contras Will Not Pass

WASHINGTON — Democrats in Congress voiced confidence Tuesday that they would defeat President Ronald Reagan's request for \$362 million in new aid to the Nicaraguan rebels.

Continued progress toward democracy in Nicaragua and peace in Central America depends critically on U.S. support for the Nicaraguan resistance," Mr. Shultz told the House Foreign Affairs Committee.

He called the administration's request adequate, although critics such as Representative Tony Coelho, a California Democrat, have said it contains hidden military costs, which may entail as much as \$76 million in spending.

Ex-Aide Says Noriega Sells Official Services

WASHINGTON — The Panamanian leader, General Manuel Antonio Noriega, has obtained payoffs and hidden profits of millions of dollars for himself and a group of Panamanian military and civilian associates by selling government services and influence, according to a former top political adviser and aide to the general.

The general has repeatedly denied any involvement in drug trafficking or other corruption. A Noriega spokesman recently called Mr. Blandón's allegations "ridiculous."

Mr. Reagan met Tuesday with about 20 House members before preparing for a televised address to press his case. The address was to be broadcast live by Cable News Network but NBC, ABC and CBS said they would not carry the speech.

Carlucci Favors an MX Out of Silo and on Rails

WASHINGTON — Defense Secretary Frank C. Carlucci has told Congress that he is uncomfortable with the current deployment of MX long-range missiles in silos that are potentially vulnerable to Soviet attack.

At a Senate hearing Monday on the new INF Treaty, Mr. Carlucci said he hoped that the United States would remove the weapons from the fixed underground launch sites and deploy them on special rail cars.

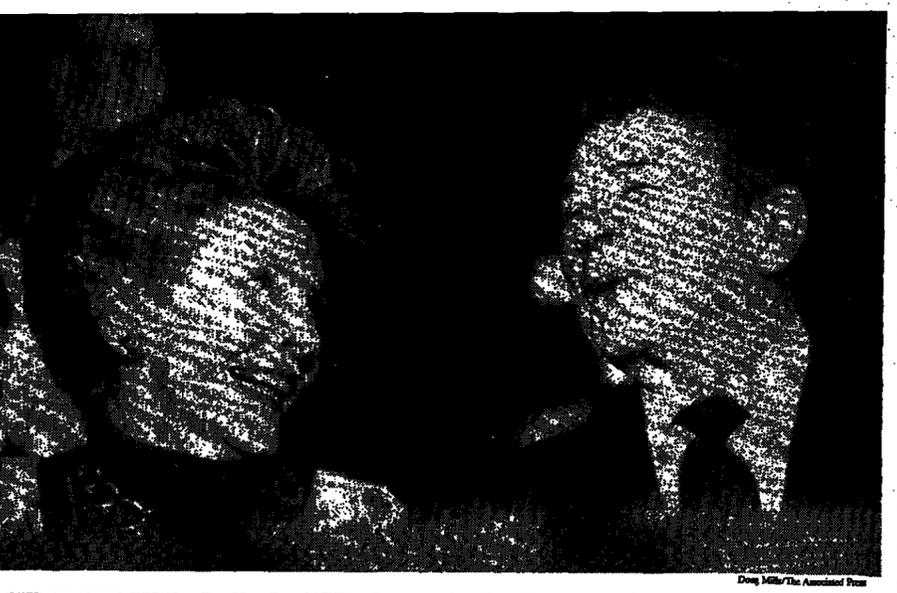
Supporters of the Midgetman say the weapon would be smaller and able to disperse faster than MX missiles on rail cars. They say that the Midgetman would be able to survive a surprise attack while MX missiles would depend on some advance warning to disperse the rail cars.

BAN: Soviet Crackdown on Press

WASHINGTON — The group, which includes such literary notables as the novelist Vasily Grossman and the poet Bulat Okudzhava, the novelist Vasily Bykov and the satirical writer Fyodor Iskhander, has applied instead to have a manuscript printed by the new official vanity press, Mr. Yefremov said the publication had run into repeated delays.

Mr. Pasternak's poems are available in official publications, but like most popular works here they are in short supply. Some poems written by Mr. Gumilev, who was shot for anti-Soviet activity in 1921, were recently published in an official magazine.

Mr. Pasternak's poems are available in official publications, but like most popular works here they are in short supply. Some poems written by Mr. Gumilev, who was shot for anti-Soviet activity in 1921, were recently published in an official magazine.



OUR BELOVED WHO? — President Ronald Wilson Reagan and his wife, Nancy, sharing the amusement when he was introduced in error as "our beloved President Wilson" before a speech to religious broadcasters in Washington on Monday.

Mr. Blandón said that he was speaking out because General Noriega had been hired last year by Aeroflot, the Soviet airline, to act as its agent in Panama. He said he had been told that the general had a 15-percent interest in the Panamanian company and was expected to make millions of dollars from the Aeroflot deal.

Mr. Zamora said the Democratic Convergence will not take part in the electoral process but will seek to "educate the people, help develop a national consensus, including different political and social forces, and develop its own structure."

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SPY/CIOLISA

WEDNESDAY, FEBRUARY 3, 1988

MADISON AVENUE

New IBM Campaign Theme Moves Behind the Scenes

By PHILIP H. DOUGHERTY

NEW YORK — The Wall Street Journal was so pleased about the 16-page advertising insert it carried Friday for International Business Machines Corp. that it heralded the insert with both print and radio ads of its own.

The motif aims to show how IBM enhances its products.

The theme of a new campaign for CBS-TV, by Backer Spielvogel Bates, is "CBS. Television you can feel." Gene F. Jankowski, president of CBS Broadcast Group, says consumer research shows that viewers are looking for "involvement."

Accounts

Martin Agency in Richmond, Virginia, a subsidiary of Scali, McCabe, Sloves of New York, has taken over the account of Teli USA, a subsidiary of Televerket, the Swedish telecommunications company. The 1988 budget is \$2.5 million.

People

Douglas B. Leeds has become president of Thomson-Leeds Co., which has been acquired by the Ogilvy Group.

Banks Cut Key Rate In U.S.

8.5% Prime Is At 1 1/2-Year Low

NEW YORK — Several major U.S. banks lowered their prime lending rates on Tuesday by a quarter percentage point, to 8.5 percent, reflecting a recent overall decline in interest rates.

As rates have declined in recent months, so has the banks' cost of borrowing money and paying interest on deposit accounts.

Humbler GM Listens to Customers

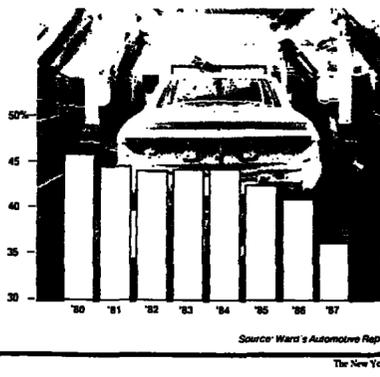
Car Maker Seeks To Recapture Its Market Touch

By John Holusha

DETROIT — For decades, executives of General Motors Corp. decided themselves what kind of cars Americans wanted.

A Slipping Market Share

G.M.'s share of total U.S. new car market, including imports. Inset numbers are cars sold, in millions.



Source: Ward's Automotive Reports

The New York Times



Roger B. Smith, chairman of GM, argues that cost-cutting is already paying off.

counting it out. A standard line in Detroit is, "If those guys ever get organized, watch out."

Most Big Firms Are Not Expected to Curb Program Trading

By Anise C. Wallace

NEW YORK — Several major brokerage firms, including Shearson Lehman Hutton and Merrill Lynch, seem to be courting investors by advertising that they will no longer engage in program trading for their own accounts.

price disparities between the stock-index futures and the stock indexes on which they are based.

Some Wall Street executives refuse even to discuss it.

U.S. Home Sales Slumped 6.2% In December

WASHINGTON — U.S. sales of new single-family houses fell a seasonally adjusted 6.2 percent in December compared with November to the lowest annual rate in three years, the government said Tuesday.

Sales in the Northeast accounted for all of the decline, the Commerce Department said.

climbed 38.1 percent the previous month.

Currency Rates

Table with columns for City, Bid, Ask, Bid, Ask, Bid, Ask, Bid, Ask, Bid, Ask. Includes cities like Amsterdam, Brussels, Frankfurt, London, New York, Tokyo, Zurich.

Changes in London, Tokyo and Zurich markets in other currencies. New York closing rates.

Table with columns for Currency, Bid, Ask, Bid, Ask, Bid, Ask, Bid, Ask. Includes currencies like Australian dollar, Canadian dollar, Swiss franc, etc.

New York rates unless marked "local rates."

Table with columns for Currency, Bid, Ask, Bid, Ask, Bid, Ask, Bid, Ask. Includes currencies like French franc, German mark, Italian lira, etc.

Sources: Reuters, Bank of America, Citicorp, etc.

Interest Rates

Table with columns for Term, Rate, Term, Rate, Term, Rate, Term, Rate. Includes 1-month, 3-month, 6-month, 1-year rates.

Sources: Reuters, Bank of America, Citicorp, etc.

Key Money Rates

Table with columns for Instrument, Rate, Instrument, Rate, Instrument, Rate, Instrument, Rate. Includes 3-month Treasury bill, 6-month Treasury bill, etc.

Sources: Reuters, Bank of America, Citicorp, etc.

Asian Dollar Deposits

Table with columns for City, Rate, City, Rate, City, Rate, City, Rate. Includes Hong Kong, Singapore, etc.

Sources: Reuters.

U.S. Money Market Funds

Table with columns for Fund Name, Assets, Fund Name, Assets, Fund Name, Assets, Fund Name, Assets.

Sources: Merrill Lynch, Telerate.

Gold

Table with columns for Location, Price, Location, Price, Location, Price, Location, Price. Includes New York, London, etc.

Sources: Reuters.

Corporations Ride the New U.S. Takeover Wave

By Caroline E. Mayer

WASHINGTON — Lower stock prices and renewed confidence in the economy are fueling a new wave of corporate takeovers.

Street officials say the reasons for the takeover activity should have been obvious.

they would consider 'strategic' deals to diversify and expand their market.

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Indigo Ideas An inevitable global reconstruction boom will need a lot of cotton at a time when former producing areas are going under concrete.

OPPORTUNITY TO GET STRONG OVERSEAS DEPOSIT BASE Well experienced U.S. banker seeks European bank interested to begin and/or expand foreign personal accounts division.

Schlumberger The undersigned announces that as from 8th February 1988 it has associated N.V. Spuisstraat 172, Amsterdam, div. n. 57

Advertisement for Franklin Investment Fund with contact information.

NYSE Most Actives table with columns: Vol., High, Low, Last, Chg.

Market Sales table with columns: NYSE 4 p.m. volume, NYSE 4 a.m. volume, etc.

NYSE Index table with columns: High, Low, Close, Chg.

Tuesdays NYSE Closing Via The Associated Press

AMEX Diary table with columns: Class, Prev.

NASDAQ Index table with columns: Close, Chg., Week Ago, Year Ago

AMEX Most Actives table with columns: Vol., High, Low, Last, Chg.

Dow Jones Bond Averages table with columns: Bonds, Utilities, Industrials

NYSE Diary table with columns: Class, Prev.

Odd-Lot Trading in N.Y. table with columns: Buy, Sell, %201

Dow Jones Averages table with columns: Open, High, Low, Last, Chg.

Standard & Poor's Index table with columns: High, Low, Close, Chg.

NASDAQ Diary table with columns: Class, Prev.

AMEX Stock Index table with columns: High, Low, Close, Chg.

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Large table of stock prices (A-M) with columns: 12 Month High Low Stock Div. Yld. PE 52 Wk High Low Close Chg.

NYSE Struggles to Post Gain

NEW YORK — The New York Stock Exchange struggled and finally managed to stage a modest advance Tuesday as negative economic news from Washington prevented any spirited celebration over a long-awaited cut in the prime lending rate.

Large table of stock prices (N-Z) with columns: 12 Month High Low Stock Div. Yld. PE 52 Wk High Low Close Chg.

Large table of stock prices (A-M) with columns: 12 Month High Low Stock Div. Yld. PE 52 Wk High Low Close Chg.

Large table of stock prices (N-Z) with columns: 12 Month High Low Stock Div. Yld. PE 52 Wk High Low Close Chg.

Large table of stock prices (A-M) with columns: 12 Month High Low Stock Div. Yld. PE 52 Wk High Low Close Chg.

Automaker, Nikko Division, BOT Clearing, MONTAZAN, NEW IN SWITZERLAND

Handwritten text: 10/10/88

BUSINESS ROUNDUP

4 Quit First Boston's M&A Business

NEW YORK — The top executives of First Boston Corp.'s highly successful investment banking department resigned Tuesday to form their own merchant banking firm, citing policy disputes over last month's company-wide shakeup.

The departures also cast a shadow over takeover deals now being orchestrated by First Boston, such as Campeau Corp.'s \$4.2 billion hostile bid for Federated Department Stores Inc.

Electrolux Profit Up 18% in Year

STOCKHOLM — Sweden's AB Electrolux said Tuesday that its profits rose 18 percent in 1987, to 3.05 billion kronor (\$387 million) from 2.58 billion, and cited intense restructuring of its operations following an expensive expansion program.

The company said in its preliminary annual report that the 26 percent increase in sales during 1987, to 67.2 billion kronor from 53.09 billion, came mainly from its takeover of Zanussi Spa in Italy and White Consolidated Corp. in the United States, neither of which was fully taken into account in the 1986 report.

Electrolux said that markets for its main operations continued to show good volume trends during the fourth quarter of 1987.

Grand Met Ends Martell Battle With Seagram

LONDON — Grand Metropolitan PLC formally ended Tuesday its attempt to acquire Martell & Co. The British food and beverage group said it would accept the rival offer by Seagram Co., the Montreal-based distilling giant.

The two had tried for six weeks to outbid each other for control of France's second-largest cognac maker. Martell accepted Seagram's bid of 5.25 billion francs (\$922 million) Monday, after Seagram raised its offer to 3,475 francs each for Martell's shares, from 2,975 francs.

Grand Met, which holds 21.8 percent of Martell's stock, said it would earn a \$40 million (\$71 million) profit by accepting the Seagram offer. "We now look forward to working with Seagram and Martell over the coming years," said Allen J.G. Shepard, Grand Met's chief executive.

ABC Posts No Profit for 1987 After Loan-Loss Provisions

BAHRAIN — Arab Banking Corp., Bahrain's biggest offshore bank, said Tuesday that it was declaring no profit for 1987 after adding \$375 million to its provisions against possible Third World loan losses.

The bank, jointly owned by Kuwait, Libya and the Gulf emirate of Abu Dhabi, said its move was taken to cope with a new international trend in setting aside increased reserves against developing country loans.

It was the second offshore bank to take the move in as many days. Arabank International EC said Monday that it would set aside \$129 million against developing country loans, a loss on 1987 accounts and strengthen its capital base with new funds.

"It was a courageous move," one Gulf-based banker said of Arabank. "It certainly points to the way banks are thinking."

GM: Automaker, Humbled by Fall in Market Share, Listens to Customers

(Continued from first finance page) one million cars a year when all the models are on the market.

"When they bring out those four-door, they better sell or GM is in big trouble," said Leon Mandel, a columnist with Autoweek magazine. "If the GM-10 doesn't do it, what have they got?"

Early reviews of the front-drive models, which replace rear-drive cars of the same name, have been good. The Pontiac Grand Prix was named Car of the Year by Motor Trend magazine. More important, dealers report that the quality of these new GM-10 cars is markedly better than previous GM models.

The company badly needs a best seller. Many of the cars it has rolled out in the past few years, including the restyled Buick Riviera, Oldsmobile Toronado, and Cadillac Seville and Eldorado models, flopped. Sales are less than half of what they were in the previous generation.

Although GM may be down, even its competitors, respectful of its huge resources, are hardly counting it out. A standard line in Detroit is, 'If those guys ever get organized, watch out.'

decides it was dogma in Detroit that competing cars could not be too much different from GM's or they would risk being called "funny looking" and sales would suffer. But Ford's rounded-styling

That helped muddy brand images built up over decades. Earlier this month, Cadillac and Oldsmobile announced they were dropping their 1 models, the Cimarron and Firenza, and all five of GM's auto-

market. When the downsized Eldorado and related models were introduced, GM officials lamely said they were designed when experts were predicting that gasoline would sell for \$2.50 a gallon, even though it had fallen below \$1.

"GM had a third oil shock," said Malcolm Salter, a professor at the Harvard Business School. "The price of gasoline went down and they did not respond in time."

Signs of Recession in New U.S. Economic Data

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\*\* At these rates, you can get early morning hard delivery in the following cities: Oslo, Stockholm, Stockholm, Göteborg and Malmö.

Nikko Division Is Offered CBOT Clearing Membership

NEW YORK — Nikko Securities Co. International has been offered clearing membership in the Chicago Board of Trade Clearing Corp., a move that is likely to be matched later by other Japanese firms, a Nikko official said Tuesday.

"We will be a clearing member this month or next, pending approval by the Finance Ministry" of Japan, a Nikko official said.

"Nikko International is the U.S. unit of Nikko Securities Co., Japan's fourth-largest brokerage firm. Other Japanese firms are Daiwa Securities Co. and Yamachi Securities Co. Nomura is the biggest brokerage in the world."

The Nikko unit applied for clearing membership last July. However, the application was met with a clearing Corp. request that the firm's parent company become a

floor member of the CBOT, Mr. Yamaguchi said. He said that the Clearing Corp. later dropped its request and asked instead that the unit's capital be increased.

To meet the latest request, Nikko International plans to increase its present \$60 million capital base by more than double.

Hideki Matsuzawa, an analyst with Daiwa Securities America, said other Japanese securities firms are likely to adopt a more cautious approach toward membership. He cited the uncertain profit outlook of a full futures brokerage business in the United States.

"Once we have clear prospects of profitability, we will have to be a clearing member, especially since the yen bond futures will be traded at CBOT," Mr. Matsuzawa said.

Shoji Hattori, president of Yamachi International (America) Inc., said Yamachi was attempting to negotiate better membership terms.

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AMEX Most Active. AMEX Stock Index. Table with columns: Vol., High, Low, Last, Chg. Lists various stock symbols and their performance.

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Tuesday's NYSE Closing

NASDAQ prices as of 3 p.m. New York time. This list, compiled by the AP, consists of the 1,000 most traded securities in terms of dollar volume. It is updated twice a year.

Via The Associated Press

Table of NYSE closing prices for various stocks, including columns for 12 Month High/Low, Div. Yld. PE, and Close.

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U.S. Futures

Via The Associated Press

Feb. 2

Table of U.S. Futures prices for Grains, including Wheat, Corn, and Soybeans.

Table of U.S. Futures prices for Food, including Coffee, Sugar, and Cocoa.

Table of U.S. Futures prices for Metals, including Copper, Aluminum, and Silver.

Table of U.S. Futures prices for Livestock, including Cattle and Hogs.

Table of U.S. Futures prices for Currency Options, including Philadelphia Exchange and 12 Month British.

Table of U.S. Futures prices for Financial, including U.S. Bills and U.S. Treasury.

Table of U.S. Futures prices for Paris Commodities, including Sugar and Cocoa.

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Table of U.S. Futures prices for London Commodities, including Sugar and Cocoa.

Table of U.S. Futures prices for S&P 100 Index Options.

NYSE High-Lows

Table of NYSE High-Lows for various stocks, including columns for High, Low, and Change.

Company Results

Table of Company Results for various companies, including columns for Revenue, Profit, and Shares.

Milan Halts Trade In Ferruzzi Stocks

MILAN — The Milan bourse halted trading Tuesday in four Gruppo Ferruzzi companies after their shares fell sharply for the second consecutive day in response to Ferruzzi's corporate restructuring plans.

Worlds of Wonder Subsidiary In Hong Kong to Be Liquidated

HONG KONG — Sourcing International Ltd., the Hong Kong subsidiary of the troubled U.S. toy maker Worlds of Wonder Inc., said Tuesday it was going into liquidation because of claims by creditors.

Former Chief Of Pan Am Will Head Continental

HOUSTON — Martin R. Shugrue, former vice chairman and chief operating officer of ailing Pan Am Corp., was named Tuesday as president of Continental Airlines.

Dividends

Table of Dividends for various companies, including columns for Company, Dividend, and Yield.

Spot Commodities

Table of Spot Commodities prices for various goods, including columns for Commodity, Price, and Change.

U.S. Treasuries

Table of U.S. Treasuries prices for various bonds, including columns for Maturity, Price, and Yield.

DM Futures Options

Table of DM Futures Options prices for various contracts, including columns for Contract, Price, and Change.

London Metals

Table of London Metals prices for various metals, including columns for Metal, Price, and Change.

DM Futures Options

Table of DM Futures Options prices for various contracts, including columns for Contract, Price, and Change.

U.S. Treasuries

Table of U.S. Treasuries prices for various bonds, including columns for Maturity, Price, and Yield.

An individual investment outlook for 1988

# Patience, Discipline and Forethought

Reflecting about the events of the recent past, investors the world over have more to consider than ever before.

### What lies ahead

Given the unprecedented swings in the world's financial markets late last year, it is prudent for investors to approach 1988 with a certain degree of caution.

However, it is equally important to be in a position to take advantage of the new investment opportunities that are emerging, and this will require patience, discipline and forethought.

### Time to re-evaluate

We at Merrill Lynch suggest that you carefully re-evaluate your financial goals, as well as your tolerance for risk.

You should also resolve to pursue a disciplined, informed course of action. Critically evaluate your current holdings, formulate an investment strategy based on sound information, and only make new investments that fit in with your personal goals. Being successful in today's environment will require a good deal more planning, information and flexibility than ever before.

### The long view

Above all, you should stand back from recent events and adopt a broad, long-term perspective. The uncertainties of the last few months will eventually pass and investments based on sound, fundamental values will continue to be rewarding.

### Gaining the advantage

During the year it will be critically important to have continuing access to the kind of expert insight that can help you keep in touch with fast-changing events.

At Merrill Lynch we offer professional guidance and service that has earned us a global reputation for standing by our clients, in good times and in bad. We have done so in recent months and we will continue to do so during the year ahead.

Backed by our financial strength and our tradition of trustworthiness, Merrill Lynch's Financial Consultants have access to global resources unparalleled in the financial world.

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 stance leader has alleged  
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 as have sold weapons to the  
 Salvadoran rebels fighting  
 n the U.S.-backed govern-  
 El Salvador.  
 resistance leader, Ruben Z-  
 said Monday that while he  
 Farabundo Marti National  
 Front gets most of its  
 ion by ambushing Salvadoran  
 ment forces, some weapons  
 om the contras, as the U.S.  
 rebels are called.  
 s known that contras al-  
 o the FMLN people.  
 Zamora, who is vice presi-  
 of the Democratic Revolu-  
 Front, the political wing of  
 adoran rebel group, said he  
 know the specifics of what  
 the arms, what types of arms  
 ig sold or how many.  
 he said he would be as-  
 if the U.S. government of-  
 ow about it because of its  
 ive intelligence network  
 ion.  
 Zamora said he would re-  
 o El Salvador after seeing  
 Mexico to pursue the politi-  
 als of the newly forma-  
 tric Convergence, a coalition  
 three opposition groups.  
 Zamora heads one of the  
 the Popular Social Christ-  
 ovement. He said that, op-  
 e Democratic Front, he  
 tric Convergence is not af-  
 with any military groups.  
 id that he realizes it will be  
 us to return to El Salvador  
 at that he wants to try to  
 political opportunities that  
 ened up since five Central  
 an presidents signed a re-  
 cease accord Aug. 7.  
 accord calls for cease-fire  
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aid Salvadoran rebels and  
 ment soldiers had reached  
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 amora said the Democrati-  
 cency will not take part in  
 toral process but will not  
 cate the people, help them  
 tional consensus, including  
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 evelop its own structure.

# Tuesday's AMEX Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. In The Associated Press

12 Month High	Low	Div. Yld.	PE	52 High	52 Low	Open	Close	Change
137	30	1.1	14	137	30	30	30	0
138	31	1.2	15	138	31	31	31	0
139	32	1.3	16	139	32	32	32	0
140	33	1.4	17	140	33	33	33	0
141	34	1.5	18	141	34	34	34	0
142	35	1.6	19	142	35	35	35	0
143	36	1.7	20	143	36	36	36	0
144	37	1.8	21	144	37	37	37	0
145	38	1.9	22	145	38	38	38	0
146	39	2.0	23	146	39	39	39	0
147	40	2.1	24	147	40	40	40	0
148	41	2.2	25	148	41	41	41	0
149	42	2.3	26	149	42	42	42	0
150	43	2.4	27	150	43	43	43	0
151	44	2.5	28	151	44	44	44	0
152	45	2.6	29	152	45	45	45	0
153	46	2.7	30	153	46	46	46	0
154	47	2.8	31	154	47	47	47	0
155	48	2.9	32	155	48	48	48	0
156	49	3.0	33	156	49	49	49	0
157	50	3.1	34	157	50	50	50	0
158	51	3.2	35	158	51	51	51	0
159	52	3.3	36	159	52	52	52	0
160	53	3.4	37	160	53	53	53	0
161	54	3.5	38	161	54	54	54	0
162	55	3.6	39	162	55	55	55	0
163	56	3.7	40	163	56	56	56	0
164	57	3.8	41	164	57	57	57	0
165	58	3.9	42	165	58	58	58	0
166	59	4.0	43	166	59	59	59	0
167	60	4.1	44	167	60	60	60	0
168	61	4.2	45	168	61	61	61	0
169	62	4.3	46	169	62	62	62	0
170	63	4.4	47	170	63	63	63	0
171	64	4.5	48	171	64	64	64	0
172	65	4.6	49	172	65	65	65	0
173	66	4.7	50	173	66	66	66	0
174	67	4.8	51	174	67	67	67	0
175	68	4.9	52	175	68	68	68	0
176	69	5.0	53	176	69	69	69	0
177	70	5.1	54	177	70	70	70	0
178	71	5.2	55	178	71	71	71	0
179	72	5.3	56	179	72	72	72	0
180	73	5.4	57	180	73	73	73	0
181	74	5.5	58	181	74	74	74	0
182	75	5.6	59	182	75	75	75	0
183	76	5.7	60	183	76	76	76	0
184	77	5.8	61	184	77	77	77	0
185	78	5.9	62	185	78	78	78	0
186	79	6.0	63	186	79	79	79	0
187	80	6.1	64	187	80	80	80	0
188	81	6.2	65	188	81	81	81	0
189	82	6.3	66	189	82	82	82	0
190	83	6.4	67	190	83	83	83	0
191	84	6.5	68	191	84	84	84	0
192	85	6.6	69	192	85	85	85	0
193	86	6.7	70	193	86	86	86	0
194	87	6.8	71	194	87	87	87	0
195	88	6.9	72	195	88	88	88	0
196	89	7.0	73	196	89	89	89	0
197	90	7.1	74	197	90	90	90	0
198	91	7.2	75	198	91	91	91	0
199	92	7.3	76	199	92	92	92	0
200	93	7.4	77	200	93	93	93	0

12 Month High	Low	Div. Yld.	PE	52 High	52 Low	Open	Close	Change
11	11	0.0	11	11	11	11	11	0
12	12	0.1	12	12	12	12	12	0
13	13	0.2	13	13	13	13	13	0
14	14	0.3	14	14	14	14	14	0
15	15	0.4	15	15	15	15	15	0
16	16	0.5	16	16	16	16	16	0
17	17	0.6	17	17	17	17	17	0
18	18	0.7	18	18	18	18	18	0
19	19	0.8	19	19	19	19	19	0
20	20	0.9	20	20	20	20	20	0
21	21	1.0	21	21	21	21	21	0
22	22	1.1	22	22	22	22	22	0
23	23	1.2	23	23	23	23	23	0
24	24	1.3	24	24	24	24	24	0
25	25	1.4	25	25	25	25	25	0
26	26	1.5	26	26	26	26	26	0
27	27	1.6	27	27	27	27	27	0
28	28	1.7	28	28	28	28	28	0
29	29	1.8	29	29	29	29	29	0
30	30	1.9	30	30	30	30	30	0
31	31	2.0	31	31	31	31	31	0
32	32	2.1	32	32	32	32	32	0
33	33	2.2	33	33	33	33	33	0
34	34	2.3	34	34	34	34	34	0
35	35	2.4	35	35	35	35	35	0
36	36	2.5	36	36	36	36	36	0
37	37	2.6	37	37	37	37	37	0
38	38	2.7	38	38	38	38	38	0
39	39	2.8	39	39	39	39	39	0
40	40	2.9	40	40	40	40	40	0
41	41	3.0	41	41	41	41	41	0
42	42	3.1	42	42	42	42	42	0
43	43	3.2	43	43	43	43	43	0
44	44	3.3	44	44	44	44	44	0
45	45	3.4	45	45	45	45	45	0
46	46	3.5	46	46	46	46	46	0
47	47	3.6	47	47	47	47	47	0
48	48	3.7	48	48	48	48	48	0
49	49	3.8	49	49	49	49	49	0
50	50	3.9	50	50	50	50	50	0
51	51	4.0	51	51	51	51	51	0
52	52	4.1	52	52	52	52	52	0
53	53	4.2	53	53	53	53	53	0
54	54	4.3	54	54	54	54	54	0
55	55	4.4	55	55	55	55	55	0
56	56	4.5	56	56	56	56	56	0
57	57	4.6	57	57	57	57	57	0
58	58	4.7	58	58	58	58	58	0
59	59	4.8	59	59	59	59	59	0
60	60	4.9	60	60	60	60	60	0
61	61	5.0	61	61	61	61	61	0
62	62	5.1	62	62	62	62	62	0
63	63	5.2	63	63	63	63	63	0
64	64	5.3	64	64	64	64	64	0
65	65	5.4	65	65	65	65	65	0
66	66	5.5	66	66	66	66	66	0
67	67	5.6	67	67	67	67	67	0
68	68	5.7	68	68	68	68	68	0
69	69	5.8	69	69	69	69	69	0
70	70	5.9	70	70	70	70	70	0
71	71	6.0	71	71	71	71	71	0
72	72	6.1	72	72	72	72	72	0
73	73	6.2	73	73	73	73	73	0
74	74	6.3	74	74	74	74	74	0
75	75	6.4	75	75	75	75	75	0
76	76	6.5	76	76	76	76	76	0
77	77	6.6	77	77	77	77	77	0
78	78	6.7	78	78	78	78	78	0
79	79	6.8	79	79	79	79	79	0
80	80	6.9	80	80	80	80	80	0
81	81	7.0	81	81	81	81	81	0
82	82	7.1	82	82	82	82	82	0
83	83	7.2	83	83	83	83	83	0
84	84	7.3	84	84	84	84	84	0
85	85	7.4	85	85	85	85	85	0
86	86	7.5	86	86	86	86	86	0
87	87	7.6	87	87	87	87	87	0
88	88	7.7	88	88	88	88	88	0
89	89	7.8	89	89	89	89	89	0
90	90	7.9	90	90	90	90	90	0
91	91	8.0	91	91	91	91	91	0
92	92	8.1	92	92	92	92	92	0
93	93	8.2	93	93	93	93	93	0
94	94	8.3	94	94	94	94	94	0
95	95	8.4	95	95	95	95	95	0
96	96	8.5	96	96	96	96	96	0
97	97	8.6	97	97	97	97	97	0
98	98	8.7	98	98	98	98	98	0
99	99	8.8	99	99	99	99	99	0
100	100	8.9	100	100	100	100	100	0

12 Month High	Low	Div. Yld.	PE	52 High	52 Low	Open	Close	Change
11	11	0.0	11	11	11	11	11	0
12	12	0.1	12	12	12	12	12	0
13	13	0.2	13	13	13	13	13	0
14	14	0.3	14	14	14	14	14	0
15	15	0.4	15	15	15	15	15	0
16	16	0.5	16	16	16	16	16	0
17	17	0.6	17	17	17	17	17	0
18	18	0.7	18	18	18	18	18	0
19	19	0.8	19	19	19	19	19	0
20	20	0.9	20	20	20	20	20	0
21	21	1.0	21	21	21	21	21	0
22	22	1.1	22	22	22	22	22	0
23	23	1.2	23	23	23	23	23	0
24	24	1.3	24	24	24	24	24	0
25	25	1.4	25	25	25	25	25	0
26	26	1.5	26	26	26	26	26	0
27	27	1.6	27	27	27	27	27	0
28	28	1.7	28	28				

CURRENCY MARKETS

Dollar Falls After Cut in Prime Rate

NEW YORK — The dollar closed lower Tuesday in quiet trading, under pressure after major U.S. banks cut their prime rates.

A 0.2 percent drop in the U.S. leading economic indicators in December, the third consecutive monthly decline, added to the dollar's problems by underscoring the weakness of the U.S. economy.

In New York, the dollar closed at 1.6836 Deutsche marks, down from 1.6925 at Monday's close, and at 128.25 Japanese yen, down more than 1 yen from 129.45.

Against the French franc, the U.S. currency slipped to 5.6770 from 5.7045 on Monday, against the Swiss franc it slid to 1.3740 from 1.3820.

The dollar also fell against the British pound, which closed at \$1.7650, against \$1.7375 on Monday.

The dollar's initial losses widened after it failed to break above chart points.

Traders said that the cut in the prime rate, to 8.5 percent from 8.75

London Dollar Rates

Table with columns: Currency, Unit, Rate, Change. Includes Deutsche mark, Swiss franc, British pound, French franc.

of this week's \$27 billion U.S. Treasury refunding, after anticipation of strong foreign demand for U.S. bonds boosted the dollar on Monday.

Such demand would also involve dollar purchases. "It's a unique factor which has pushed the dollar up," said one senior dealer at a British bank.

In London, the dollar finished at 1.6820 DM, down from 1.6892 DM at the opening and 1.6910 on Monday's close. It ended more than a yen lower at 128.15, down from 128.85 at the opening and 129.30 at Monday's close.

The U.S. currency also fell to 1.3740 Swiss francs, from 1.3805, and to 5.6745 French francs, from 5.7015. The pound rose to \$1.7705 from \$1.7580 on Monday.

U.S. Treasury bonds traded higher on news of the prime rate cuts. But foreign exchange dealers said the dollar's gains on the back of hopes of a favorable response to the refunding had left the dollar looking a little exposed, making it vulnerable to confirmation of a lower trend in the dollar rate.

Some said the dollar's levels of earlier this week had in any case been unsustainable in the light of unchanged fundamentals.

"The attitude of traders is basically saying that 1.69 to 1.70 marks is a level where the dollar has become attractive to sell," said a dealer with a British bank.

Dealers said the dollar's slippage also reflected a moderation of some of the recent euphoria about overseas demand for the Treasury offering.

The refunding kicked off Tuesday with the sale of \$9.25 billion of three-year notes. It was to be followed by \$9 billion of 10-year notes on Wednesday and \$8.75 billion of 30-year bonds on Thursday.

Tuesday's auction was thought unlikely to give a clear view of foreign demand since that maturity is usually favored by domestic banks and thrifths rather than foreign accounts.

Earlier in Europe, the dollar was firmer in Frankfurt at 1.6892 DM, down from 1.6911 on Monday, and in Paris at 5.6990 French francs, up from 5.6965.

In Zurich, the dollar closed at 1.3745 Swiss francs, down from 1.3835 on Monday.

Belgium Cuts Another Key Interest Rate

BRUSSELS — Belgium's central bank lowered its key interest rate again on Tuesday, the fifth such cut in a month.

It trimmed its rate for three-month Treasury certificates to 6.25 percent from 6.35 percent, effective immediately.

The rate is generally considered the most important in Belgian banking, acting as a benchmark for most others.

The central bank also cut interest rates for one- and two-month Treasury certificates by 0.10 percentage point, to 6.25 percent.

On Thursday, the bank cut Belgium's discount rate by 0.25 percentage point to 6.75 percent and its Lombard rate by the same amount to 7 percent.

Monetary authorities have cut Treasury bill rates by 0.10 point every week since Jan. 6. The three-month rate stood at 6.75 percent on Jan. 1.

As Tokyo Stocks Rise, Foreign Investors Return

TOKYO — Statistics to be published Friday are likely to show foreigners as net investors in Tokyo-listed shares during January, brokers said Tuesday. And the trend is expected to continue, they added.

On a monthly basis, foreigners were net sellers from April 1986 until last December, but in the first week of January, the trend turned.

That week, foreign buying outweighed selling by 304.6 billion yen (\$2.36 billion) to 227.7 billion, an exchange official said.

In the following two weeks foreign selling was ahead of buying, but only by a slim margin, not enough to wipe out the buying advantage of the whole of January, brokers predicted.

"It makes a lot of sense," said Peter Tasker, an analyst with Kleinwort Benson International in Tokyo. "It's the strongest market around at the moment." And a broker at a big Japanese securities houses said, "Foreigners see this as possibly the best place to be. It is very stable."

The Nikkei average of 225 stocks has recently moved above 23,000 yen for the first time since Dec. 11. That has considerably boosted sentiment, brokers said. On Tuesday, the Nikkei closed at 23,672.1, down 46.92 yen from 23,719.13 on Monday.

A cut in the Japanese prime interest rate to 5.5 percent from 5.7 percent in late January promoted buying of financial and other interest-sensitive shares and stocks in companies

that react to changes in domestic demand. This boosted the overall market.

Recent moves by the Finance Ministry to insulate the market from wild swings have soothed edgy sentiment lingering from a jittery December, when the dollar sank below 120 yen.

On Jan. 6, news that the Finance Ministry would loosen accounting rules for special money and fund trusts sent share prices soaring 5.6 percent, or 1,200 points, that day.

Anticipation that the ministry would reconsider the methods in which the third segment of

Mr. Napier said. "Lots of funds had to decide they couldn't be in cash forever."

Some funds and institutional investors sold shares heavily worldwide when markets began to plunge in October.

The yen's gains against other currencies enabled many such investors to make profits on exchange rates even though Japanese share prices themselves had fallen, if not as sharply as those in many other markets.

Analysts said that numerous overseas investors have had to increase the proportions of their holdings in Japan. If the Tokyo exchange goes up relative to other markets and foreign investors are absent, overall portfolios look lopsided. Japan accounts for about 40 percent of world stock capitalization.

The analysts also said that last year and for much of 1986, foreign investors had viewed Tokyo shares as overpriced when their dividends and earnings, which are low by the standards of such markets as New York, were considered.

Foreign fund managers apparently thought that speculation was helping drive up Tokyo prices despite those factors and would eventually have to stop, brokers said.

But when the international market collapse finally came, Wall Street, not Tokyo, led the way. Other markets fell further and faster than Tokyo, and have been slower in climbing back, brokers said.

With that record, and the yen and Japan's economy looking strong, what once seemed a risky bet now increasingly appears a conservative investment, brokers said.

3-Year Notes Yield 7.42%

WASHINGTON — The U.S. Treasury on Tuesday sold \$9.25 billion of three-year notes at an average yield of 7.42 percent, amid what dealers said was modest demand in the first leg of the government's \$27 billion quarterly refunding.

The Treasury said the highest accepted yield was 7.43 percent. The small gap between this rate and the average is a sign of investor demand. But bids totaling just \$22.44 billion were received, covering the Treasury's requirement by a moderate 2.4 times. Of this amount, relatively small investors accounted for only \$639 million.

Prices of seasoned Treasury issues gained as much as 1 point, or \$10 for every \$1,000 in face value, largely on the reduction in U.S. banks' prime rate.

The average yield was down from 8.03 percent at the last auction of three-year notes on Nov. 3 and was the lowest since 6.54 percent on Feb. 3, 1987. The government assigned a 7% percent coupon to the notes, sold at an average price of 99.881.

In addition to the \$9.25 billion of three-year notes sold at auction, the Treasury sold \$1.09 billion at the average price to foreign and international monetary authorities. Buying from these institutions, flush with dollars after supporting the U.S. currency on the foreign exchange markets, could decrease the amount of money the Treasury needs from private investors this quarter, analysts say.

SEC: Report Opposes Limiting Swings in Stock Prices

(Continued from Page 1) stock selling and program-trading strategies combined to accelerate the market's downward slide."

It also criticized some stock specialists at the New York and American exchanges, claiming that on Oct. 19, a "disturbing number" of the specialists, whose job it is to buy stock offered for sale when no other buyers are in evidence, "were either net sellers of stock or did not buy large quantities of stock."

The SEC suggested that the two exchanges investigate the system of specialists and devise specific standards for their activities.

Mr. Brady told the Senate committee that, without Federal Reserve oversight, "We are looking down the barrel, and the gun is still loaded." He said the Fed must help coordinate trading mechanisms among the U.S. stock and futures markets and set up "circuit breakers" or procedures for preventing

massive slides in prices from spilling from one market to another.

Mr. Greenspan said the circuit breakers had merit because they could slow market activities.

He said the collapse "was an accident waiting to happen," if not in October then "soon thereafter."

Although inflation expectations at the time had declined and the economy was expanding, he said, "stock prices finally reached levels which stretched to incredulity expectations of rising real earnings and falling discount factors."

The market technology sped price declines, he said, by disseminating information rapidly and increasing the speed with which trading could occur. Prices were further depressed by differences between the prices of stocks, stock-index futures and options and by a lack of coordination between margin collection and payment.

"We must nonetheless not lose sight of the fact that we came through the crisis remarkably well given what happened," Mr. Greenspan said.

He said steps already were being taken to correct some of the shortcomings turned up and warned against a tendency to over-regulate.

A report Monday by the Commodity Futures Trading Commission said that "unprecedented change" in investor psychology, not computerized trading strategies, caused the collapse.

The CFTC regulates the Chicago commodities markets where stock-index futures and futures options are traded. The SEC regulates stock transactions, including those on the New York Stock Exchange.

The CFTC said it could find no evidence to support the "persistent assertion" that program-trading strategies, including speculation in stock indexes, were at fault for the stock plunge.

(AP, Reuters)

INDICATORS: Index Off 0.2%

(Continued from Page 1) Five of the nine seasonally adjusted indicators available in December contributed to the decline.

They were, in order of impact, building permits; change in prices of sensitive materials, especially lumber and scrap metal; average weekly claims for unemployment insurance; stock prices, and average work week.

Four indicators were positive factors in December. From the largest to smallest contributor, they were contracts and orders for new building plants and factory equipment; vendor performance; new orders for manufactured consumer goods, and money supply.

The major contributor to the November revision was change in inventories, while change in credit outstanding was the major reason for the October revision, the department said.

The index, starting at 100 in 1967, was 190.7 in December.

"We anticipate a slowing in the rate of growth," Mr. Sprinkel said after a congressional hearing. "We're very pleased with our 2.4 percent rate of growth and we plan to stick with it."

Analysts said the composite index does not accurately reflect the services industries, international transactions and other stronger sectors of the economy.

"The index focuses on the U.S. economy and the buildup of the export sector is disguised," said James Cochrane, an analyst at Texas Commerce Bankshares Inc. in Houston. He said that booming manufacturing and exports could keep the economy out of recession in early 1988.

"We've been expecting the export side to carry the freight," he said.

(UPI, Reuters)

Tuesday's OTC Prices. NASDAQ prices as of 4 p.m., New York time. This list, compiled by the AP, consists of the 1,000 most frequent transactions in terms of dollar volume. It is updated twice a year. Via The Associated Press.

Table A: OTC prices for various stocks including ABB, ABC, ACD, etc. Columns include stock name, price, and change.

Table B: OTC prices for various stocks including BCD, DEF, GHI, etc. Columns include stock name, price, and change.

Table C: OTC prices for various stocks including JKL, MNO, PQR, etc. Columns include stock name, price, and change.

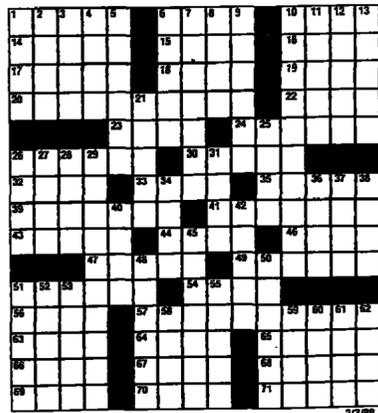
Table D: OTC prices for various stocks including STU, VWX, YZA, etc. Columns include stock name, price, and change.

and his supporters... President-elect, is Governor...

and his supporters... President-elect, is Governor...

and his supporters... President-elect, is Governor...

and his supporters... President-elect, is Governor...



**ACROSS**

1 Sired  
6 Male deer  
10 — morgania  
14 City in NW Ill.  
15 Bamboo stem  
16 Pig or cast follower  
17 "—Treader" (Frost poem)  
18 Rectangular pier  
19 Hawaiian goose  
20 Small sponge cake  
22 Canter, e.g.  
23 — en point  
24 Rumanian violinist: 1881-1955  
26 Hooked a fish  
30 Consumers' advocate  
32 Soviet range  
33 Isamic weight  
35 Nautical position  
38 Was frugal!  
41 Adopt  
43 Food fish  
44 Coup d'—  
46 Formal order  
47 Accustom  
49 Ails  
51 Unfruitful  
54 Floating platform

**DOWN**

1 False god  
2 Singer  
3 Turned right, as a horse  
4 Michael, child actor on radio  
5 British candy  
6 Limited-meager  
7 Touching  
8 Poker stake  
9 Meshed  
10 Small table basin  
11 Regions  
12 Invigorating  
13 Highest peak in the Pyrenees

21 Loire feeder  
25 A tide  
26 Ruff  
27 Counterteror  
28 Just  
29 Small salmon or trout  
31 "Jacta est!"  
34 Frankfurter—der—  
36 Evreux is its capital  
37 — were (seemingly)  
38 N.Y. team  
40 Actress Daly  
42 Right—  
45 Arranged in threes  
48 Disquiet  
50 Baste  
51 Auger  
52 Scranton suburb  
53 Mickey Mouse, in Mexico  
55 Shoelace tip  
58 Anatomical passage  
59 City east of Osaka  
60 Metric weight  
61 Sea eagle in the  
62 Pumper-nickles

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DENNIS THE MENACE



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JUMBLE

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

PLITO  
NOFET  
LOWLEY  
GOULEY

A GUY SLAPPED HIM ON THE BACK AND THEN ASKED HIM THIS.

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

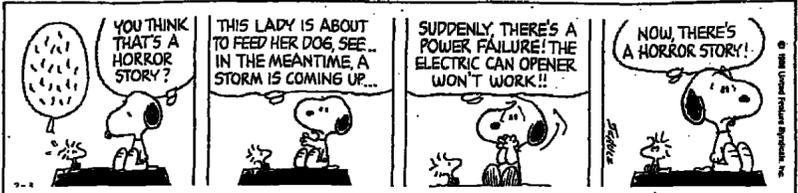
ANSWER: HOW'RE YOU? (Answers tomorrow)

Yesterday's Answer: He didn't speak to his wife for a whole week because he didn't want to cut this—INTERRUPT

WEATHER

EUROPE	HIGH	LOW	ASIA	HIGH	LOW
Algeria	14	5	Beijing	33	11
Amsterdam	14	5	Bombay	29	14
Antwerp	14	5	Hong Kong	19	14
Berlin	14	5	New Delhi	21	14
Bombay	14	5	Seoul	32	18
Boston	14	5	Shanghai	25	17
Brussels	14	5	Singapore	25	17
Cardiff	14	5	Tokyo	14	5
Chicago	14	5			
Columbus	14	5			
Dallas	14	5			
Detroit	14	5			
Frankfurt	14	5			
Geneva	14	5			
Hamburg	14	5			
London	14	5			
Madrid	14	5			
Moscow	14	5			
Munich	14	5			
New York	14	5			
Osaka	14	5			
Paris	14	5			
Philadelphia	14	5			
Portland	14	5			
San Francisco	14	5			
Seattle	14	5			
Stockholm	14	5			
Washington	14	5			
Winnipeg	14	5			
Zurich	14	5			

PEANUTS



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BLONDIE



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BEEBLE BAILEY



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ANDY CAPP



SPORTS

Italian Market Awash With Hype

LONDON—For some rich men there is the casino. Others' red carpets are strewn by paintings or sculptures. For the Italian, there is the far more precarious gamble of dealing in human flesh and blood of great, or almost great, soccer players.

Rob Hughes, Italy's most powerful industrialist, told me recently that nothing soothes and calms him like the soccer game. He said he would like to see the Italian First Division standings. "What we want, all of us, is to sit at Agnelli's [soccer] table — and not just be waiters."

Italy will soon be opening its arms to 30 new immigrants per club, instead of two. So, with maybe \$70 million chasing 20 new imports, the orgy of rumor, the laying of false trails, the cloak-and-dagger persuasion of prime movers is under way.

Italy's soccer market is a hotbed of speculation. The buyers' challenge is to head off the sycophants and conspirators at their feet and to win in the marketplace. "Italy will soon be opening its arms to 30 new immigrants per club, instead of two. So, with maybe \$70 million chasing 20 new imports, the orgy of rumor, the laying of false trails, the cloak-and-dagger persuasion of prime movers is under way."

All Spokes Supported Redskins' Wheel

By Tony Kornheiser Washington Post Service SAN DIEGO — No one in his proper mind could argue that this season's Washington Redskins were a dominant team.

There's no deeper, more resilient and better-coached team in the game. Neither Joe Gibbs nor General Manager Bobby Beathard should have to take another step on concrete for the rest of the winter: Football people should be lining up to toss rose petals under their feet.

There's no deeper, more resilient and better-coached team in the game. Neither Joe Gibbs nor General Manager Bobby Beathard should have to take another step on concrete for the rest of the winter: Football people should be lining up to toss rose petals under their feet.

radiated glamor and celebrity from assorted magazine covers. Recent Super Bowl champions had had them. The 1982 Redskins had Joe Theismann and John Riggins. The Los Angeles Raiders had Marcus Allen. San Francisco had Joe Montana. The Chicago Bear was personified by Richard Dent and Mike Singletary. And the New York Giants' Lawrence Taylor may be the biggest star of all in the 1980s.



Gibbs: master mechanic, winning coach.

Nets Finally Brake Road Skid

But if West had saved all his airt, he would have had a fat exit with a small but when forced into the lead.

NEW YORK — The calendar said Feb. 1, but Monday was more like April Fool's Day in the National Basketball Association.

Chicago's Michael Jordan scored 37 points but Sacramento's LaSalle Thompson blocked his lay up with two seconds left to preserve the Kings' 97-95 home-court victory.

The Nets had dropped all 18 road games this season and hadn't won away from home since March 18, 1987, against Denver.

SCOREBOARD

Table containing NHL Standings, National Basketball Association Leaders, College Top-20 Polls, and U.S. College Results. Includes columns for teams, wins, losses, and various statistics.

SPORTS BRIEFS

4 Tapped by Pro Football Hall of Fame CANTON, Ohio (AP) — Coach Mike Ditka of the Chicago Bears and three National Football League standouts of the 1970s — Fred Biletnikoff, Jack Ham and Alan Page — were selected Tuesday as the 1988 inductees into the Pro Football Hall of Fame.

Belgian Lifter Banned for Using Drugs

BRUSSELS (UPI) — Patric van Rode, Belgium's top weightlifter, has been banned for a year for using drugs, the Belgian Olympic Committee announced Tuesday.

Quotable

Denver Coach Dan Reeves, advised that the Broncos, 0-3 in Super Bowls, are threatening Minnesota's 0-4 record: "Bud Grant said 0-4 is better than 0-0. If we get another chance and lose, I'd let you know if that's true."

Advertisement for Benoit De Gorski watches, featuring a large image of a watch and the text 'SINCE 1735 THERE HAS NEVER BEEN A QUARTZ BLANCPAIN WATCH. AND THERE NEVER WILL BE.'

Advertisement for 'The Global Newspaper' with a large graphic of a globe and the text 'The Global Newspaper'.

PEOP

Lord Carrington

Chairman of Christie's... Lord Carrington will become chairman of Christie's International...

Rossano Brazzi, the 1950s Italian screen idol, has been cleared of arms trafficking charges...

Some Labor Party officials are dismayed at the British government's decision to award a knighthood to the former U.S. Defense Secretary Casper W. Weinberger...

A Swiss-born architect, Bernard Tschumi, best known as the supervising architect of the Parc de la Villette project in Paris...

Melina Mercouri: Dramatizing Culture



Mercouri: An embracing belief in the power of art and artists.

By Elizabeth Kastor

WASHINGTON — The phone is jangling. It will not stop. "No! No! No!" Melina Mercouri moans in a voice befitting Medea...

And for the last 11 years, Melina Mercouri has been a politician, albeit unlike any Washington politician is used to.

At this moment, she is merely overwhelming her hotel room, but the day before she engaged the National Gallery of Art there to sell the press about the most obvious purpose for her visit...

In her hotel room, she is in black wool pants, heavy gold jewelry and a new coil of honey waves.

any questions about its authenticity. This is, after all, the woman who told her autobiography "I Was Born Greek," making that simple statement sound like an act of defiance...

OBSERVER Abie's English Phantom

By Russell Baker

NEW YORK — When the English musical version of "The Phantom of the Opera" opened last week, it was already sold out until the second coming...

Some years ago I had tickets to "Nicholas Nickleby," an eight-hour test of stamina that I raved about for months afterward...

The beauty part was that "Nicholas Nickleby" was a limited run. Unlike "Abie's Irish Rose," it would not stay around for decades enabling my friends to see it in their dotage.

They would never, never be able to see "Nicholas Nickleby." Dwelling on that thought, I sometimes had to stifle a cackle of delight.

Well, the thing closed, unseen by so many of my humiliated friends that it warmed my heart. And then — horrible die! — it opened again.

The producers, acting on the theory that one good trip to the bank vault is wonderful but two are divine, decided to reënt and let the theatergoers toss their money into the kitty.

No longer did people cringe into submission postures when I told them "Nicholas Nickleby" was so splendid that the eight hours had passed as if they were but seven and a half.

Now they interrupted to say, "We thought all day was too long for a play, so decided not to go."

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